



US sees 'turning point' on arms control accord

BY REGINALD DALE, US EDITOR IN WASHINGTON

THE US and the Soviet Union are at a potential 'turning point' in their efforts to reach a new arms control treaty...

UK union chiefs arrive in S. Africa

By Bernard Simon in Johannesburg

A GROUP of leading international trade unionists, including Mr Norman Willis, the general secretary of the British Trades Union Congress...

Caracas acts over foreign currency

BY JOSEPH MANN IN CARACAS

MR JAIME LUSINCHI, the President of Venezuela, last night announced a 21-point programme aimed at saving foreign reserves...



Lusinchi—fighting his way out of trouble

that Venezuela has owed them for a decade. Venezuela nationalised operations of foreign oil companies working here in 1976...

Regan starts flap with 'sexist' remark

By Nancy Dunne in Washington

MR DONALD REGAN, White House Chief of Staff, has once again raised a mini-political firestorm for remarks considered to be patronising to women as well as insensitive to the plight of black South Africans...

Gloom lifts at talks on European security

BY JOHN BURTON IN STOCKHOLM

DIPLOMATS FROM both East and West were cautiously optimistic about a final agreement being reached at the European Security Conference in Stockholm as they left yesterday for a four-week recess...

Nakasone likely to stay on

BY IAN RODGER IN TOKYO

THE WAY seems clear for Mr Yasuhiro Nakasone to remain Japan's Prime Minister for perhaps as much as a year following the endorsement of his continuing leadership by three key figures in the Ruling Liberal Democratic Party...

Foreigners assail Japan's theatre

BY OUR TOKYO CORRESPONDENT

IT IS NOT just in finance and industry that foreigners are pressing the Japanese to dismantle their protectionist arrangements. Now the sacred domain of the theatre is coming under attack as well...

There are reports also that Mr Takeshita would be content to leave the cabinet and take a senior party post for a year in the hope that the link between him and the high yen would fade from voters' minds...

There were signs in Rome yesterday that some form of compromise may be possible next week, although most politicians say they expect only a short-term government...

Andreotti asks for more time

By Alan Friedman in Rome

MR GIULIO ANDREOTTI, the veteran Christian Democrat who has spent the past week trying to form a new Italian Government, yesterday asked President Francesco Cossiga to extend his mandate as Prime Minister designate until Monday evening...

Tamils claim killings

Polish opposition supporters yesterday criticised conditions set for the release of jailed Solidarity activists under a new law permitting release of political prisoners, Reuter reports from Warsaw...

Informant cleared Mr Paul Nallanayagam, a Canadian citizen, had fled to London for giving false information to foreign correspondents about a massacre in Sri Lanka's Eastern Province in April last year...

Machel names PM

Mozambique President Samora Machel has said he plans to spend the time directing the war against anti-Marxist rebels, and has named an economist as prime minister to run the Government, AP reports from Maputo...

Lange popularity falls

Mr David Lange, the New Zealand Prime Minister, and his Government have slipped in popularity following the Rainbow Warrior settlement, according to an opinion poll published yesterday, Reuter writes from Wellington...

Algerian accounts

Algerian citizens can now open 'no-questions-asked' foreign currency accounts that will help the Government compensate for hard currency losses caused by the slump in oil export earnings, the official news agency APS said yesterday, Reuter writes from Algiers...

Moscow removes head of atomic safety committee

THE KREMLIN removed the head of the State Atomic Safety Committee yesterday, nearly three months after the Chernobyl nuclear disaster, AP reports from Moscow...

Mandela in 'perfect health'

Black nationalist leader Mr Nelson Mandela celebrated his 68th birthday yesterday in a South African jail and his wife Winnie declared his spirit would never be broken, Reuter reports from Soweto...

Tokyo raises EEC shoemakers' hopes

BY OUR TOKYO CORRESPONDENT

EUROPEAN Community shoe manufacturers are looking to double their sales in Japan to about \$50m (£33m) a year following a significant easing of Japanese import restrictions...

Record current account surplus for S. Korea

SOUTH KOREA will raise its 1988 economic targets after recording its biggest ever monthly current account surplus in June, government officials said yesterday, Reuter reports from Seoul...

Governor White rejects income tax despite a serious decline in revenue, reports Mary Frings

Oil slump drags Texas into financial crisis

Governor Mark White has called a special session of the Texas legislature to deal with a growing financial crisis caused by falling oil prices. Every dollar off the price of a barrel costs the state \$100m in annual tax revenue. He has, however, rejected the possibility of introducing income tax...

Large popularity falls

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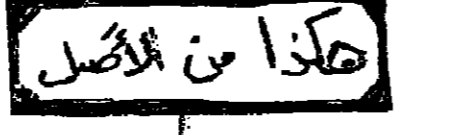
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A Financial Times Survey WALES The Financial Times proposes to publish a survey on the above on Wednesday September 3 1986 For further details contact Olive Radford Financial Times Merchants House Wapping Road Tel: 0272 292565 FINANCIAL TIMES Europe's Business Newspaper

# Mahathir calls snap election on August 3

BY WONG SULONG IN KUALA LUMPUR

DR MAHATHIR MOHAMAD, the Malaysian Prime Minister, yesterday announced the dissolution of Parliament to pave the way for snap elections on August 3, a year ahead of his term.

Dr Mahathir, 60, who recently marked five controversial years in office, has been under pressure from his 13-party National Front coalition government to get a new mandate that would allow him to take tough measures to revive the depressed economy, hit by low commodity prices and an erosion of business confidence.

Asked why he was calling for an early poll, Dr Mahathir said: "We have to get on with the business of running the country. We don't want people to be talking about elections, speculating about elections, depressing the stock market about possibilities of elections. So once and for all, we settle this thing."

The stability of this country and the ability of this country to make its decisions free from outside interference will be the most important election issue, he said. However, opposition parties say they will attack the government charging it with economic mismanagement, growing corruption, government ineffectiveness, religious extremism and racial polarisation.

Dr Mahathir is taking great personal risks by going for an early poll as a poor performance would open up a challenge from Datuk Musa Hitam, his former deputy, who has been held in check by the Prime Minister's supporters. Datuk Musa, resigned as deputy Prime Minister last February, but remains deputy president of the dominant United Malay National Organisation party.

In the 1982 elections, the Government won 132 of the 154 seats. Dr Mahathir acknowledged the Government would lose "a few seats" this time, but expressed confidence in retaining a two-thirds majority in the enlarged 177-seat parliament, that would allow him the crucial power to change the constitution.



Dr Mahathir—taking a calculated risk

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# Laura Raun describes the expanding cannabis cafe society in the Netherlands Amsterdam keeps its place as drugs capital

A COUPLE of patrons slide up to the bar and order a fat wedge of chocolate "spacecake," washing it down with a cup of freshly brewed coffee. At the table, chat amiably while sipping hand-squeezed orange juice and smoking cigarettes.

But the cigarettes and cake are made with cannabis and this is the Bulldog, the oldest and most famous of Amsterdam's coffee shops — cafes where marijuana and hashish are sold over the counter and smoked freely. A neon-lit "menu" lists the fare: the red half lists various sorts of hashish, the green half marijuana.

One prize fix of F1 25 (26.80) buys all, with the weight of the bulldog-decorated plastic bag varying from 1.8 grams to 5 grams. Opening onto the Leidseplein, the busiest square in Amsterdam, the Bulldog is located in a former police headquarters and also features a foreign exchange counter and small clothing boutique.

Illicit drugs are big business in Amsterdam and growing fast. Quality is high and prices are low by international standards. No official figures are available on the value of drugs flowing into the Netherlands for domestic consumption and for forwarding to the rest of Europe.

The city's drug traffic seems to be worth more than F1 1bn a year—about the size of Amsterdam's arts industry—based on information from policemen, Justice Ministry officials, a national intelligence agency, diplomats and drug purveyors. That is up 75 per cent over the past two years despite falling prices across the

board, with cocaine usage climbing the fastest.

On a national scale, the drug business also is booming. Around F1 5bn a year of illegal drugs are believed to change hands, twice the amount two years ago. Amsterdam has reigned as the drug capital of Europe for two decades. The traditional tolerance of the Dutch, the historical importance of foreign trade, the world's largest port in Rotterdam and geographical

and combat crime, Mayor Ed Van Thijn and the city council decided in late 1983 to provide heroin free to the most heavily addicted. Britain tried a similar experiment with medical doctors administering heroin in an effort to cure addiction but the programme ended in failure in 1982 after 13 years of operation.

The Hague, under pressure from the Dutch Medical profession and some Western allies, finally vetoed the free-heroin

up to 12 years in prison. But Amsterdam authorities distinguish between soft drugs — marijuana and hashish — and hard drugs — cocaine and heroin.

Soft drugs are officially tolerated on the grounds that they pose little physical risk to the user's health or public safety and that scarce resources are better used against hard drugs. The police simply overlook the coffee shops as long as they sell no hard drugs, offer

industry that is marked by clean and tidy cafes fashionably decorated with chrome, glass and ferns. Sedated and rather middle-class customers quietly smoke their pipes and joints in peace as in opium dens of old. The more successful coffee shops such as the Bulldog and Prix d'Ami tout several outlets.

An industry association publishes the "Golden Blow Guide," which lists all the coffee shops in Amsterdam and a half dozen other Dutch cities plus the stringent criteria for membership. "The atmosphere of the business, is it friendly?" asks the Blow Guide. "Are the people working there helpful and interested in you?" Would that some of the Netherlands' more prominent retailers would heed such advice.

To finance their drug habits, addicts often resort to theft, prostitution and drug dealing themselves. Amsterdam's petty crime rate ranks among the highest in Europe. The Dutch city's red light district is as world renowned for its ladies in the store windows as it is for its free-wheeling drug pushers.

But even Dutch tolerance has been exhausted by the related growth in crime, flagrant street dealing and increasingly seedy neighbourhoods such as the Zeedijk near Central Station. In late 1983 Mayor Van Thijn and the city council launched a concerted campaign to rid Amsterdam of its reputation as a drug mecca. The main points of the campaign were:

● The crackdown on hard drugs and toleration of soft drugs;

● Deportation of foreigners found to be using hard drugs;

● Outlawing the gathering of more than three people at one time in the Zeedijk.

The 24-year-old campaign has failed in some important respects. Amsterdam's image as a drug oasis remains intact, with drug trafficking rising and the number of heroin addicts stable. But in some other respects, progress has been made. The number of heroin deaths fell in 1985 for the first time in years, dropping to 42 from 74 the year before. Soft drug usage appears to have tapered off and daily price fixings for cannabis no longer are heard on the radio. Petty crime such as car theft and store robberies dipped slightly last year and the Zeedijk area looks cleaner.

Mr Leo Detering of the Amsterdam police notes that arrests in drug cases, which are more effective than drug seizures, spurred 35 per cent to 3,396 in 1985 compared with two years earlier. But police still manage to nab only 5-10 per cent of all the drugs on the street, a fraction that hasn't climbed in years.

The Netherlands' progressive drug policies often draw sharp criticism from other Western countries infuriated by the liberal Dutch attitude.

The Dutch, however, are firmly convinced of their approach. One top official recently argued at an international drug conference in the Netherlands: "Repressive measures only drive addicts and dealers more deeply into the grip of crime. We aim at care and treatment for addicts and punishment for dealers."

## Amsterdam decided against furnishing two luxury "junkie boats" where addicts could inject or smoke their daily fix in quiet seclusion without scaring the tourists

DRUG SEIZURES BY AMSTERDAM POLICE IN KG			
	1983	1984	1985
Heroin	51	73	158
Cocaine	21	46	11.7
Hashish	1,775	675	482
Marijuana	200	592	727

location as a gateway to Europe have nurtured a drug underworld that would have died elsewhere.

Coffee shops decorated with the tell-tale marijuana leaf have trebled in number to 150 in recent year and a municipally subsidised youth club was found last year to have been making thousands of guilders a month on cannabis sales. An organised union of heroin addicts lobbies for the legalisation of all drugs and free distribution of heroin.

At least 8,000 heroin addicts live in the Dutch capital, accounting for more than 1 per cent of the population, and that number hasn't fallen in years. In a well intentioned but extremely controversial bid to better care for these addicts

plan, Amsterdam also decided against providing F1 200,000 to furnish two luxury houseboats as "junkie boats" where addicts could inject or smoke their daily fix in quiet seclusion instead of loitering in the streets and scaring tourists.

One municipally-subsidised junkie boat did operate for a while, however, until it was discovered that drug dealing was flourishing and that neighbourhood crime wasn't falling. The city has continued and expanded its well organised methadone programme in which several buses ply the streets each day and dispense the heroin substitute to about 2,000 addicts.

The possession, processing and dealing in all drugs is a criminal offense punishable by

no alcohol and forbid children. The idea of legalising cannabis is finding increasing support.

Hard drugs, on the other hand, are considered dangerous to personal health and public safety and are fought primarily at the wholesale level but also at the retail level. The biggest cocaine raid in the city's history was made in May when police seized 85 kilograms of the white powder worth about F1 25m. Amsterdam may have been the destination for part of all of the biggest heroine find in European history—some 250 kg of the narcotic worth around F1 66m that was confiscated last month (in June) in Rotterdam harbour.

The proliferating coffee shops have spawned a netherprising

# Trade figures differ over China's deficit

BY ROBERT THOMSON IN PEKING

CHINA'S State Statistical Bureau yesterday issued trade figures revealing a much larger deficit than that published by the Ministry of Foreign Economic Relations and Trade (Mofert) the previous day.

The Bureau said the politically sensitive trade deficit was \$6.4bn (\$4.2bn) in the first six months, compared to \$6.5bn for the same period last year. Mofert claimed the first half deficit was only \$1.24bn. China has a number of agencies which publish trade figures, of which Mofert's normally show the trade balance in the roughest light.

The State Statistical Bureau's figures suggest that imports rose by 8.6 per cent, in spite of tough import controls introduced by the Government last year. The figure contrasts with the Mofert calculation that imports fell by 2.7 per cent in the first half of the year.

The Bureau said industrial growth was 4.9 per cent in the January-June period, compared to 23.1 per cent in the same months last year, while capital construction rose 7.9 per cent compared to 43.5 per cent in the same period last year.

Inflation, another sensitive political issue, also fell from the official rate of around 9 per cent to 3 per cent last month, according to the Bureau.

However, some diplomats believe that the actual inflation rate is several times higher than this. They also believe that the industrial growth rate has been over-corrected since last year, and what Peking calls "gently applying the brakes" has brought growth to a halt.

Zhang Zhongji, an official spokesman for the Bureau, cited poor economic efficiency in state enterprises and faster growth of state expenditure compared to revenue as two enduring problems in the economy this year, though he claimed that China's economic situation "has been good since the beginning of the year."

The chronic congestion in Chinese ports appears to have eased in recent months. Zhang said about 19 ships are now waiting each day to dock compared to up to 500 a day early last year. The Bureau also reported a 13.8 per cent increase in handled cargo.

A government campaign to increase grain production has apparently worked with the summer harvest at 91.88m tonnes up from 87.5m on last year. Conservatives in the leadership had cited a fall in grain output last year as a sign that the economy was going astray and reformists should be able to claim this year's increase as something of a victory.

# Peking detains Briton suspected of espionage

A NEW YORK Times correspondent began his second day in a Chinese detention centre yesterday after being stopped at Peking airport on suspicion of espionage, Reuter reports from Peking.

Mr John Burns, 41, travelled through closed areas of central China earlier this month on a motorcycle trip for which he did not have a permit. He was, during the trip, detained for two days by local police and had him confiscated, his wife said.

Sir Richard Evans, Britain's ambassador to Peking, said embassy officials had not yet been given access to Mr Burns, a British citizen, but said the Chinese had formally informed them of his detention.

The Chinese police said Mr Burns' case was still under investigation. US Embassy officials visited the Chinese Foreign Ministry yesterday to discuss the case and said they were taking the matter very seriously.

In New York, the Times said Chinese officials had told US Embassy officials that Mr Burns was being investigated on suspicion of "entering an area forbidden to foreigners, gathering intelligence information and espionage."



John Burns—detained

Ms Jane Scott-Long, Mr Burns' wife, said her husband was stopped at the airport on Thursday morning as the family were about to leave for a holiday in Hawaii and was questioned for 15 hours about his trip to central China.

His wife said Mr Burns had been following the route taken by American journalist Mr Edgar Snow in 1936 when he went to find the Chinese Communist armies at their headquarters in Yenan, northern Shaanxi.

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### AMENDMENT ORIENT LEASING (CARRIBBEAN) NV

KD 6,000,000 12 1/2% Guaranteed Notes due 1987

With reference to the above advertisement published in the Financial Times on Tuesday 15 July 1986, the date for the "Notes due" appeared as 1988 — this was incorrect.

Please be advised that the heading should have read as follows: 12 1/2% Guaranteed Notes due 1987



# National Savings to lift interest on indexed bonds

BY NICK BUNKER

NATIONAL SAVINGS, the state-controlled savings bank, will improve the terms of its indexed certificates in an attempt to bolster flagging sales of its inflation-proof products.

The department announced yesterday that a new fourth issue of tax-free indexed certificates — the so-called granny bonds — will go on sale on August 1. It will replace the third issue, which has been available since July 1985.

The third issue has sold badly recently. It took in only £5.2m in June, reflecting savers' disenchantment with inflation-proof products when interest rates and inflation appear to be falling.

If held for five years, the fourth issue will pay interest equal to the increase in the retail price index, plus guaranteed extra interest averaging 4.04 per cent a year. This compares with guaranteed extra interest of 3.54 per cent in the third issue.

The department said that the 4.04 per cent figure was based on guaranteed extra interest payments of 2 per cent at the end of the first year, 3.25 per cent after the second year, 3.5 per cent after year three, 4.5 per cent after year four, and 6 per cent at the end of the fifth year.

The certificates will be sold in units of £25 up to a maximum of £5,000.

Yesterday's announcement follows a decline in sales of indexed certificates, which were introduced in 1975 to appeal to savers seeking protection from inflation.

In the year ending March 31, 1986, sales of certificates actually failed to exceed encashments by savers, and total holdings fell from £4.4bn to £4.2bn.

# Accolade for seaside town's facilities

By David Brindle

THE SEASIDE resort of Scarborough, North Yorkshire, has been acclaimed top of the public lavatory league.

A survey published yesterday by Municipal Journal, a local government magazine, puts Scarborough ahead of 20 other selected local authorities in England and Wales in terms of provision of public conveniences.

The councils were ranked according to the journal's "LLPC" (ladies' loos per capita) formula — ladies, it seems, yielding a fairer comparison than gents', statistics for which are skewed by urinal-only facilities.

Scarborough, with an LLPC rating of 570 women citizens per public lavatory, came out 14 times better than Liverpool, which props up the league table with a figure of 7,980.

"We have had a rolling programme for a number of years of improving our facilities," said a Scarborough council official. "It's probably not surprising we are on top."

All credit must go to the council for investing £2m on public conveniences at a time when nationally about 15 per cent of women's lavatories and 12 per cent of men's have been closed over the past decade.

# Hugh Carnegy looks at the Anglo-American pact on terrorist suspects

## Extradition may still prove elusive

THE EXTRADITION treaty with the US — ratified this week after much delay by the Senate — may not prove as smooth a way to bring Irish terrorist suspects back to Britain as was intended.

Mr Tom King, the Northern Ireland Secretary, greeted the Senate approval enthusiastically. Both he and Mr Douglas Hurd, the Home Secretary, had travelled to the US recently to lobby for the measure, meant to stop suspects avoiding extradition by claiming the acts they were accused of were politically motivated.

However, during nearly a year of wrangling in the Senate Foreign Relations Committee, a measure was inserted allowing extradition defendants the right to appeal to US courts on the grounds that they would not receive a fair trial in the jurisdiction to which they were due to be returned.

This exists in most extradition treaties signed by Britain, but lawyers in Northern Ireland believe it could pose serious and embarrassing obstacles to extraditing Irish Republicans from America.

This is because those fighting extradition are bound to claim that Irish people do not get a fair trial in British courts and that in Northern Ireland itself the judicial system is unfair because of the non-jury, one-judge "diplock courts" and the recent use of uncorroborated "supergrass" informer evidence to convict terrorists.

With campaigns growing on both sides of the Irish Sea behind disturbing evidence that casts doubt on the guilt of Irish people convicted of, for example, the Birmingham and Guildford pub bombings, inquiry by US courts into how the British and Northern Ireland systems of justice have worked in relation to Irish arms and explosives. The treaty also allows Britain to revive failed cases.

British efforts to bring Republicans back from the US have been frustrated several times by this method.

In 1981, a New York court refused on these grounds to extradite Mr Desmond Mackin, wanted for the attempted murder of a soldier. Two years previously, Mr Peter McMillan, accused of attempted murder, was freed by a Californian court and is in hiding.

The new treaty is designed to end such cases by excluding a range of offences from the categories that can be claimed as being political. These include murder, hijacking and kidnapping and cover the use of fire-



Joseph Doherty: being held in New York

Mr Joseph Doherty, wanted for the killing of a Special Air Service captain in 1980, has successfully evaded extradition but is being held in New York.

Mr William Quinn, wanted for the murder of a British policeman, is in custody in San Francisco while an appeal against his extradition is mounted.

### Inadequate

Unionist politicians in Northern Ireland, far from welcoming the new treaty, have scoffed at it as inadequate.

Mr Nigel Dodds, speaking for the Rev Ian Paisley's Democratic Unionist Party, said it was "so shot through with loopholes" that Mr King was deceiving himself to think it was a breakthrough.

An ironic footnote is that the one country with which Britain has a sweeping extradition arrangement which does not even require prima facie evidence of a case to answer is the Republic of Ireland.

Yet almost all cases between them have failed, notably those of Mr Dominic McGlinchey, the alleged leader of the Irish National Liberation Army, acquitted once he was handed over to the Northern Ireland courts, and Miss Evelyn Glenholmes, who was freed due to a faulty warrant.

terrorists might be uncomfortable for the Government. Certainly, this is what the Irish Republican Army and its supporters hope.

Mr Martin Galvin, leader of the American Noraid Republican fund-raising organisation, said yesterday that such a scrutiny of British rule could ultimately outweigh any benefits for Britain in the extradition treaty.

The first tests may come in the cases of two men being held in the US.

# Otis to close Bolton plant with loss of 300 jobs

By Nick Garnett

THE OTIS lift group is closing its manufacturing site at Bolton, near Manchester, with the net loss of 300 to 350 jobs as part of a re-organisation of its production operations.

The Bolton plant is part of Wadsworth Becker Lifts, an Otis subsidiary. All manufacturing by Wadsworth of heavy duty passenger and goods lifts is being transferred to the Otis Elevator factory at Kirby, Merseyside, which was the subject of a £2.1m investment programme last year.

The manufacture at Bolton of Becker light hydraulic equipment will be transferred to Evans Lifts at Leicester, another Otis subsidiary specialising in the manufacture of goods lifts.

The Wadsworth and Becker names will be retained. Wadsworth, Evans and Otis will continue to trade as separate companies in the Otis group.

Otis, a US-owned company, in the United Technologies empire, is the largest lift-maker in the world. The Otis UK took over Becker Lifts in 1980 and Wadsworth a year later. It merged them in 1985. The move yesterday effectively splits the two businesses again.

# University staff cuts 'poorly managed'

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

POOR management by the Department of Education and Science, the University Grants Committee and some individual universities was sharply criticised yesterday by a Parliamentary committee on public expenditure.

This came in the Commons Public Accounts Committee report on the £200m-plus voluntary redundancy scheme used by universities to cut staff from 1981 to 1984.

The committee said the department and the quasi-independent grants committee largely left the cutting to drift. An unspecified number of unnamed universities was also nonchalant about the effect of the redundancies on teaching and research capabilities, it added.

Some had tried to select which staff should go, and so protect studies such as engineering, which were closely related to economic production. But others had awarded redundancy payments to most applicants, regardless of academic speciality.

The result — as the grants committee had quickly noted — was "that certain universities had overshot their desired staff losses in some academic areas and would have to start recruiting again."

However, the grants committee and the DES had done little except give advice to correct such diseconomies, the MPs said.

Good luck, rather than good management, was responsible for the fact that losses of engineering and technology specialists were close to the average for all subjects.

"Nor do we see much room for congratulations in a result which saw subjects, which it was apparently the intention positively to protect, merely demonstrating a level of loss rather lower than for others."

The Commons committee also complained that the department had suggested there would be net savings from the exercise of £140m a year, but could not produce accounts to show what savings were being achieved.

Another unfortunate outcome was that most staff who took redundancy were aged over 55, whereas the age group which constituted a surplus for universities was that of 40 to 50.

"We trust that any new redundancy scheme will seek, as far as possible to redress the present age imbalance."

The Commons committee added that, since the problems of the staff-cutting had been worsened by the convention of granting academics job tenure until retirement, it was glad that the Government was considering legislation to limit the tenure.

Redundancy Compensation Payments to University Staff, HC Paper 179; HMSO; £5.10.

# 19ft of new gas pipeline laid every sixty seconds. A tall story?

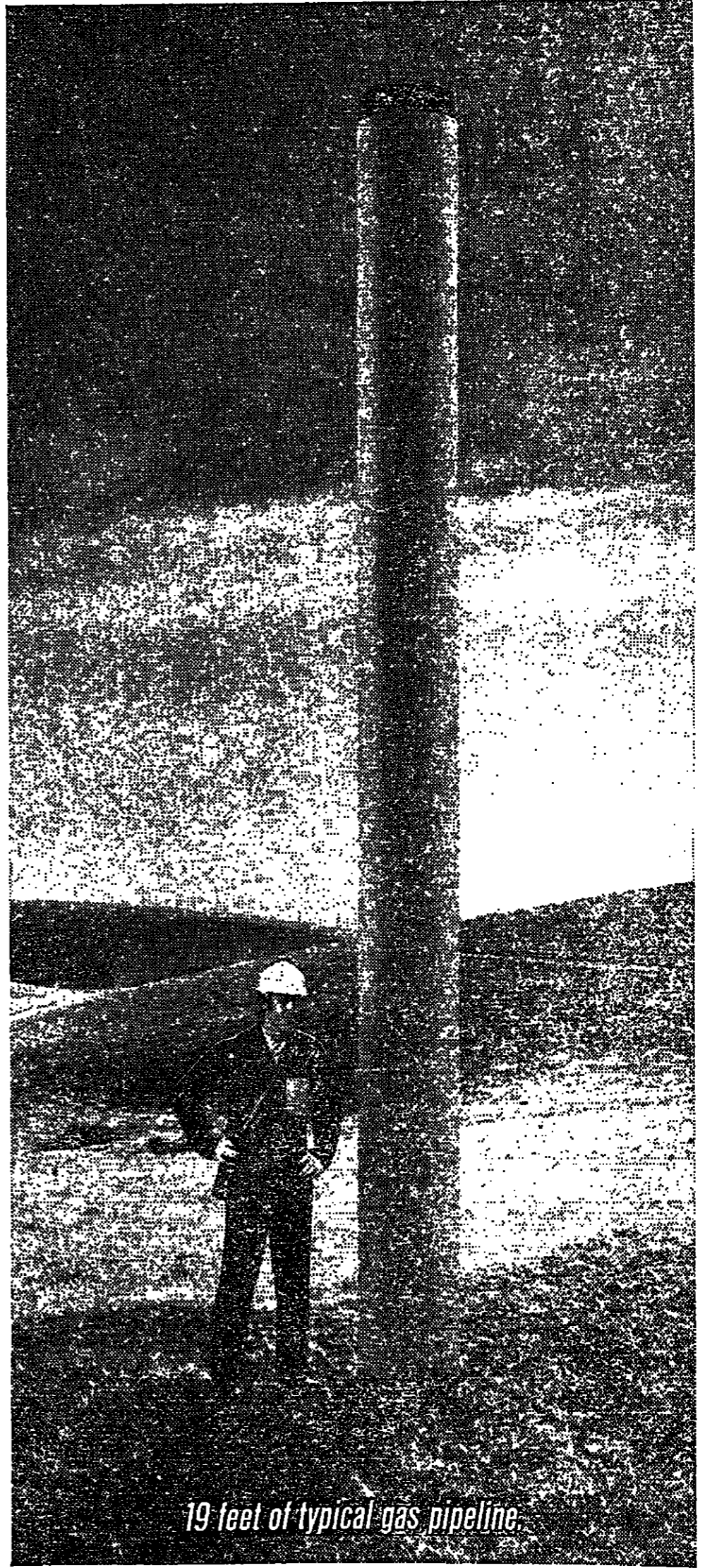
No, it's a fact. British Gas laid over 1,900 miles of new gas pipeline last year.

And as our pipes now stretch throughout most of Britain, more and more people are able to use gas.

Last year alone we increased our total number of customers by over 250,000.

The pipes we are at present laying range from a 42" high pressure transmission line down to 2" local gas mains.

A tall order but one British Gas can meet.



19 feet of typical gas pipeline.

# Commercial building work forecast to increase 12%

FINANCIAL TIMES REPORTER

DEMAND FOR offices, hotels and shops has helped pull the construction industry out of the doldrums, according to the National Council of Building Material Producers.

Forecasts published yesterday suggest that commercial building work will increase by 12 per cent to almost £4bn this year and a further 10 per cent in 1987.

Construction of the Channel tunnel with its terminal buildings will have an impact on the figures next year, the report says.

However, with less favourable prospects for other sectors, overall growth in 1986 is expected to be only 3 per cent, followed by a 4 per cent rise next year.

The value of industrial construction work, in eclipse after the phasing out of capital allowances, will fall 5 per cent this year after a 14.5 per cent rise in 1985. But the council expects a modest recovery in 1987.

Although there is increased demand for up-market dwellings supplementing strong sales of starter homes, public housing is expected to continue declining with a 14 per cent fall in output this year, 10 per cent in 1987 and 8 per cent in 1988.

Steady growth in demand for repair and maintenance work will also contribute to the general improvement, the council claims.

Orders for offices, which account for 44 per cent of the commercial sector, rose by only 11 per cent last year compared with 32 per cent in 1984. However, the report notes, there was a sharp increase in the first quarter of this year.

"Something of a boom in response to the changing demands of occupiers and the development of alternatives in (London's) docklands is already under way," it says.

Orders for shops last year rose 46 per cent, although the rate of growth slackened early this year. Demand for hotels, restaurants and other entertainment centres is recovering after a lull in 1985.

Prospects for the public sector remain gloomy. The council predicts that by 1988 it will account for only 37 per cent of construction output and public non-housing work will have slipped back to levels last seen in the early sixties.

The council's forecast of a 3 per cent overall increase is supported by figures published by the Builders' Merchants Federation which show sales of building materials for the year to the end of May about 2.3 per cent higher than in the preceding 12 months.

BMP Forecasts, available on subscription. £18 from BMP Publications, 10, Great George St, London SW1P 3AE.

# ECONOMIC DIARY

MONDAY: Retail sales (June provisional). EEC Foreign Affairs and Budget Councils meet in Brussels (until July 21). EEC Political Co-operation Council meets in Brussels (until July 22). OAU ministers meet in Addis Ababa (until July 25). The Trustee Savings Banks are formally transferred to the private sector as part of the preparations for its privatisation.

TUESDAY: Institutional investment (first quarter). Civil Aviation Authority, British Gas and British Rail all publish annual reports.

WEDNESDAY: New construction orders (May). Index of production and construction for Wales (first quarter). TUC General Council meets in London. Sir Geoffrey Howe, Foreign Secretary, to meet President Botha in Pretoria.

THURSDAY: Consumers' expenditure (second quarter provisional). EEC Internal Market Council meets in Brussels. British Shipbuilders' publish annual report. Opening of the 13th Commonwealth Games in Edinburgh.

FRIDAY: Sales and orders in the engineering industries (April). Balance of payments current account and overseas trade figures (June). Mr George Bush, US Vice-President, starts 12-day trip to Middle East. Local authorities and teachers leaders begin two days of talks on long-term pay and contracts in Coventry. Commons adjourns for summer recess.

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# Baker strongly favours reform of teachers' pay

BY DAVID BRINDLE, LABOUR CORRESPONDENT

THERE WERE "strong grounds" for reform of the Burnham statutory negotiating machinery on pay for teachers and college lecturers in England and Wales, Mr Kenneth Baker, Education Secretary, said yesterday.

He warned, however, that the Government was unlikely to accept the case made by education authority employers that Burnham should be succeeded simply by voluntary bilateral collective bargaining on pay and conditions.

Mr Baker, who was at Coventry addressing the annual conference of the Council of Local Education Authorities, was stronger in his criticism of Burnham than Sir Keith Joseph, his predecessor, had ever been.

The Burnham machinery has few friends these days. No one can pretend that it has been working well. I accept, therefore, that there are strong grounds for seeking a change in the statutory position," he said.

He put forward no alternative of his own, but said the principal difficulty was "reconciling the diverse interests and views of the local authorities and the teachers, and of finding outcomes which are consistent



Kenneth Baker: Keener than Sir Keith

Act, ensures Education Department representation on the committees which negotiate pay. Conditions of service are handled separately.

The teachers' unions and the employers fear the Government wants more central control over all education spending. Mr Baker said yesterday he was "not a centralist," but that the Government was obliged to have an interest in spending because it raised half the finance.

He defended the increasing use of specific education support grants, by which the Government exercises direct control over projects, as a move back to—not away from—the spirit of the 1944 Education Act.

The minister, who took over from Sir Keith two months ago, stressed the importance of a strong technical and practical element in schooling. There were now almost 100,000 micro-computers in UK schools—an average of 13 in every secondary school and two in every primary—

However, "there is evidence that, in a number of respects—not all—our education system is equipping our firms less well to compete than the educational systems of other advanced countries," he said.

with the financing arrangements for local authorities." This suggests the Government would insist on retaining a vote in negotiations. Indeed, Mr Baker said the first condition of any successor machinery must be that it would produce settlements which "take into account what the country and the national economy can afford, without disruption of the schools."

Burnham, set up in 1919 but given statutory status in the 1985 Remuneration of Teachers

# TUC policy on social ownership urged

By Our Labour Editor

The TUC is being pressed by leaders of the General, Municipal and Boilermakers' Union to adopt a policy on social ownership laying equal stress on the impact of nationalised concerns on customers and employees.

The GMBU's call is in a resolution submitted for debate at the Trades Union Congress in Brighton in September.

The Labour Party and the TUC are in the final stages of considering separate papers on the party's and the unions' attitudes toward nationalisation and, of more difficulty, re-nationalising concerns which have been privatised by the Government.

Though the GMBU is critical of the Government's privatisation programme, it states specifically that the TUC should recognise "the need to argue for social ownership and public enterprise not as a matter of dogma, but in terms that are practical and relevant to the needs of consumers and workers alike."

Accordingly the union is providing a list of priorities for social ownership which it says any programme of re-nationalisation should include, dealing specifically with particular groups of people affected.

- Customers. The union wants a "genuine voice" for customers in provision, delivery and standards of goods and services, and an effective right of redress for poor performance.

- Low-paid. Guarantees on the price levels of public enterprise essential services.

- Unemployed. A clear statement that a "key function" of social ownership is helping economic reconstruction, especially in job creation.

- Workforce. Highest possible industrial relations standards, and a chance of participation in decision-making.

- Local communities. Partnerships between local authorities and public enterprises to help strengthen local economies.

# Two-year pay deals 'bring lower rates'

BY OUR LABOUR EDITOR

TWO-YEAR pay deals are giving wage rises significantly below the approximate going rate for increases, according to a survey conducted by the union-funded Labour Research Department.

The research group's findings will increase the scepticism among some union negotiators of moves toward long-running pay agreements at a time of falling inflation.

The survey shows that while increases in the pay "round" running from last August are broadly steady at about 6 per cent, "an analysis of two-year agreements indicates that workers covered by these have not normally done as well as those who have negotiated once a year."

The study looked both at agreements which featured a single increase negotiated to run for two years; and those which agreed two separate percentage rises at the start of the deal, to be introduced in stages.

The group says that the average approximate value of the two-year deals studied is 5.16 per cent, which it says is "significantly below the going rate."

More than half the two-year deals were worth 5 per cent or less, said the survey, with only 22 per cent (7.4 per cent) and AC Delco (6.2 per cent) featuring average annual increases above what the research group determined was the current median value.

# Postal workers accept pay offer in close vote

BY OUR LABOUR EDITOR

MEMBERS of the Union of Communication Workers voted to accept a 3.8 per cent pay offer from the Post Office by a narrow margin of only 12 per cent, the union announced yesterday.

In what they described as an unusually high turnout of 88 per cent, members voted by 18,890 (55 per cent) to 65,060 (45 per cent) in favour of accepting the offer.

Mr Alan Tuffin, UCW general secretary, said the small size of the majority in favour indicated clearly how close the Post Office had come to industrial action over pay this year.

Members were "fed up with dictatorial management which is wrecking industrial relations and endangering quality of service by an obsessive cost-cutting mentality," he said.

The increase will take the basic weekly pay for a postman from £107.05 to £113.26.

In a letter to Mr Ken Young, Post Office board member for personnel, Mr Tuffin said the result could also be seen as reflecting resentment at the failure of the Post Office to reduce working hours, which were last cut 21 years ago. The basic hours for a postman are 43, spread over Monday to Saturday.

# N. Sea catering pay row

BY OUR LABOUR CORRESPONDENT

A CATERING company serving North Sea oil platforms faces expulsion from its trade association. It is alleged to have broken a pay cartel.

The other nine member companies of the Caterers' Offshore Trade Association are voting on a proposal to expel Phoenix Caterers for, it is claimed, having won a contract on the basis of pay rates "considerably below" those agreed by the association.

Phoenix, which denies any pay agreement was in force, says that, even so, none of the 75 staff suffered any cut in wages when it began the contract for Occidental Petroleum's Piper and Claymore platform.

This conflicts with suggestions in the industry that pay cuts of up to £2,000 a year were imposed.

The result of the ballot on expulsion of Phoenix—a wholly-owned subsidiary of the Albert Abela Organisation, an international catering group—should be known this month.

# Union bank's capital expanding

BY PHILIP BASSETT, LABOUR EDITOR

UNITY TRUST, the trade union financial institution, expects to exceed its initial target of £3m to £3.5m in the first stage of its capital expansion programme, after a £1m commitment to the bank by the Transport and General Workers' Union.

The bank believes that the commitment by the TGWU—whose general secretary, Mr Ron Todd, is the institution's president—is a demonstration that its shareholders are happy with its performance and prepared to support it further.

Unity Trust feels this will be of considerable assistance to it as it moves into the second phase of its expansion scheme, which is designed to raise £11m during about a year.

The second stage will offer original A and B shares, allowing in unions which did not take up the original offer. The third stage will offer shares to

a small number of sympathetic institutions. Under the first stage, a rights issue was made on May 30 to existing shareholders, on a two for one basis, with scope to apply for an excess allocation.

About 2m shares in the institution were held at first by the unions and the same amount by the Co-operative Bank. The bank, though, indicated it did not want to take part in the initial stage of the new capital programme, so the entire current offer is being made available to the unions.

The union shareholders and their original holdings are: the GMBU and the TGWU have 200,025 £1 A shares each; the NUR has 200,000; Napsa has 152,479; Naigo and the Union of Communications Workers have 150,000 shares each.

Under the two-for-one new

issue, the TGWU has applied for 400,000 shares, issued as of right, and has taken up the option for an extra 600,000. The union's application is likely to be met, which would make the TGWU the institution's largest trade union shareholder.

The bank said yesterday that the TGWU's commitment, and indications from other shareholders, suggest that the total raised by the issue may be higher than the original target. The closing date for the issue is August 29.

It also announced that it is to open a banking centre in Birmingham—its first move outside its current City offices. Mr Terry Thomas, UT's managing director, said: "The establishment of our own operations centre marks an important stage in Unity Trust's growth," but added that it did not indicate the bank was even considering a branch structure.

# Help the Games.

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ON THURSDAY 24TH JULY the XIII Commonwealth Games start in Edinburgh.

Competing will be the biggest turnout of Commonwealth athletes ever (despite some withdrawals).

These are the first Games to be funded, without Government assistance, by industry, commerce and donations from the general public.

But it's no secret we still need money.

So what's in it for your company?

For a start the BBC are mounting their biggest ever outside broadcast. They'll be beaming the Games to nearly one billion viewers worldwide (coverage in the UK alone will be a staggering 130 hours during the ten days).

Which means adver-

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BBC	Wang
British Caledonian	Wimpys

the address below. You are also invited to apply for the MacCommonwealth Lottery tickets from the Games office. First prize is a Ford Fiesta XR2.

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tising at the Games has to be the best-value media scoop of the year. Right now we have a few upper tier sites and two prime scoreboard sites available at Meadowbank, where there are also some sites on the grandstand. Prices start at £10,000. At other Games venues we have sites at the Cycling Velodrome and at the Rowing available for as little as £3,000. While there is one poster site at each Bowling green for £20,000. All in all it represents a unique opportunity to get your company's name seen throughout the United Kingdom as well as right round the globe, plus the goodwill you create by being seen to support the Games. (That sort of advertising alone is worth millions.) Your company can also support the Games by actually being there. We still have a limited amount of hospitality facilities at Meadowbank. So you can see the Games and entertain your clients in style. Even if you can't find the money for advertising or for hospitality you can still send a donation to

Commonwealth Games, Canning House, 19 Canning Street, Edinburgh EH3 8TH

# The power to go on talking

## Slow cures for nagging ills

THE SHARP setback for both sterling and London equities on the morning after the general election underlines a message which has been demoralising London for some time. Mrs Margaret Thatcher's Government is not, at the moment, the master of its own fate. Its political fortunes depend rather heavily on the oil market, and all that it means for UK interest rates and tax rates; and this is made all the harder to bear because of its political fortunes ebb, the danger of a sterling crisis grows, still further limiting any freedom of action for the Chancellor.

The rights and wrongs of the Newcastle result will be debated endlessly between Labour, which got a fright and complains of a dirty campaign, and the Liberals, who did so unexpectedly well and claim that they were robbed by the timing. For the Conservatives, who lost more than a sixth of the total vote, there are few excuses and no consolation. Their appeal is as flat as the economy.

Why, though, are things going so much worse than the Chancellor quite confidently forecast as recently as March? According to official forecasts, which have been good in the past, we should be enjoying healthy growth and a sound current account surplus, instead output is still falling, unemployment continues to rise relentlessly, and the market disses only about the timing of our slide into deficit.

The oil price is only part of the problem: the weak market in oil also reflects weak demand world-wide—which will look even weaker when the current burst of South African stockpiling is over. This in turn reflects a world-wide failure of growth to live up to forecasts.

World-wide slowdown The fact is that 1986, which was billed as a year of modest progress even by the pessimists, and as a banner year by the optimists, is beginning to look like a year of mild world-wide recession. In the US the current account has not responded, as was perhaps naively hoped, to the large devaluation of the dollar.

"A MONARCH," Clement Attlee said, "is a kind of referee, although the occasions when he or she has to blow the whistle are nowadays very few."

This has been a tough week for Her Majesty Queen Elizabeth the Second, and there is more to come. Not only have there been the build-up to the Royal Wedding next Wednesday, the pranks of the Princess of Wales and the long slog of preparing for what should be a momentous visit to China in October. The Queen has also been raised of the Queen and the Commonwealth.

Will she, will she have to, can she blow the whistle if divisions within the Commonwealth over South Africa get out of hand? And what will be the response if she does?

The answer is that so far nobody knows, including the Queen herself. The role of the monarch was described by Walter Bagehot as covering "the right to be consulted, the right to encourage and the right to warn"—a definition that has never seriously been challenged since. But Bagehot was writing in the nineteenth century. He had no concept of the Queen as Head of State of 18 independent realms or Head of the Commonwealth, a phrase invented by Nehru and Sir Stafford Cripps to fit the Queen's position in republican India.

Richard Crossman, who was basically a republican and whose initial reactions to the Queen were distinctly supercilious, tells an interesting story in his diaries as he was coming to know her better.



English middle classes. After all, in the Commonwealth she has known practically everyone who ever mattered.

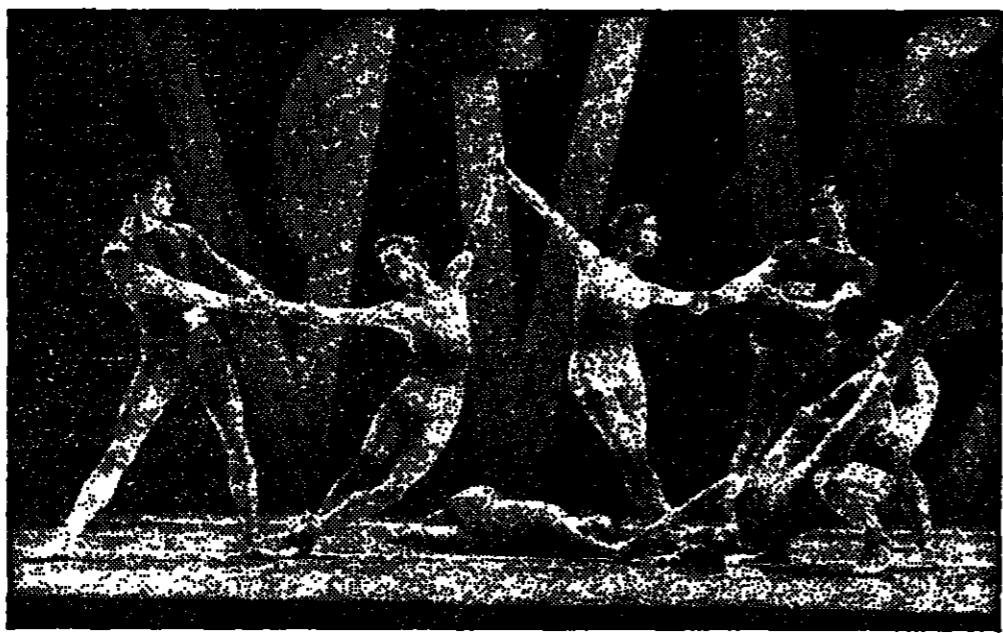
The feeling runs through the Royal Family. The Duke of Edinburgh travels. Princess Anne in recent years has devoted much of her energy to problems of poverty and neglect in Africa. The Prince of Wales is sometimes criticised for giving too much time to minority communities—the Chinese in Cardiff, for example—and not enough to ordinary white citizens.

There are other foreign relations, of course. Mr Valery Giscard d'Estaing is said by those who watched to have been besotted by the Queen when he was President of France. She uses her French to great advantage. Relations with President Mitterrand during his state visit last year were a great deal cooler until the Queen discovered that his emblem was an oak leaf and acorn. She presented him with two stripping oaks from Windsor on his departure. Rarely has the President been seen to be so pleased.

But the possibility that there could be a conflict of loyalties at some stage has never been denied. The Queen, after all, has the same right regarding her other realms as in Britain: to be consulted, to encourage, and to warn. What happens if they want to go different ways?

Malcolm Rutherford

## ARTS SPONSORSHIP



The Ballet Rambert in Carmen Arcadia Mechanica Perpetuum at Sadler's Wells

## A corporate minuet

business support for the arts has grown from £600,000 in 1976 to approaching £25m this year. In practice companies spend the same again on entertainment and promotional activities linked to the arts events.

season and Heinz is offering bursaries to young singers but these are in line with the current emphasis on encouraging youth and the arts. The cost of underwriting a new opera production, which involves a minimum commitment of £100,000, is causing second thoughts among the marketing departments which now have to justify such an expenditure.

Not all companies are happy with their experiences as arts sponsors. The oil companies, along with the banks and the tobacco firms traditionally the biggest backers, are now spending less, partly for financial reasons: Texaco, for example, dropped the National Youth Theatre's West Hoist, which sponsored new operas at the ENO, has also retreated. There are complaints that the media do not give the sponsors enough credit, and that arts organisations are often unprofessional, taking the money but offering little to a sponsor in return.

of its cash (from an annual "corporate responsibility budget" of £3.7m in 1985) towards the socially acceptable areas of regional productions, such as Ballet Rambert's tour of "Light and shade", to educational, in the form of a project involving English National Opera and Lillian Baylis, a south London comprehensive school; and the contemporary arts, through its aid for the London Sinfonietta.

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Clwyd

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Snared in a City web

ACCEPTING a lifetime from Robert Maxwell, the publisher of Mirror Group Newspapers, is a risky strategy. But Mr Michael Newman, chief executive of Britannia...

MEM itself had shaken off the poor record in its investment trusts and established one of the best pension fund management performance records in the UK, in particular in its Japanese and Far Eastern portfolios.



Mr David Stevens

financial institutions, including Japanese companies and Britannia Arrow, but came to halt when the Aetna management said it wished to keep 100 per cent control.

Captain Bob at the double

Games appointed a receiver, Scotland would have a collective nervous breakdown and the UK would have been humiliated beyond belief.



Mr Maxwell aboard the Mirror helicopter yesterday.

visiting the games, Mr Maxwell fitted in a full stream of other activities. They included: Discussion about a possible new acquisition.

Scott Lithgow compensation

Mr D. Ross Macdonald Sir, — May I, Sir William Lithgow's solicitor, with my consent, summarize my own thoughts on what was a disappointing judgement, (July 9) not only for the applicants, but...

Letters to the Editor

em' basis. They see solicitors and accountants with optimistic lifestyles and expensive foreign cars. Their diluted voice of protest has become a whisper as the everyday shopper buys more and more low cost Far Eastern look-alikes that should be made in Britain.

Ballot law From Mr R. Jenks Sir,—Your headline "Judge's ruling may undermine ballot law" (July 18) is more than a little misleading.

Workers' co-ops From the Director, National Co-operative Development Agency Sir,—Having read Stephen Lord's dissertation on the effectiveness of local CDAs, I am most interested to read William Dawkins review (Poor standards of advice (July 8)).

Productivity and profits From the President, Union of Independent Co-operatives Sir,—It is extremely difficult for the man in the street to be able to understand the thought mechanisms of our political and industrial masters at this time.

Airlines and smoking

From Mr V Kirby Sir,—I entirely agree with Mr Robert T. Smith (July 10) regarding the lack of research carried out by airlines.

Handling waste efficiently

From the Managing Director, Co-operative Waste Management Sir,—No one would deny the requirement to handle waste in an environmentally acceptable and cost-effective way.

Workers' co-ops

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Productivity and profits

From the President, Union of Independent Co-operatives Sir,—It is extremely difficult for the man in the street to be able to understand the thought mechanisms of our political and industrial masters at this time.

Table with columns: Share, Sub/m, Other, and various investment options under the heading 'BUILDING SOCIETY RATES'.

First Leisure up 55% in first half

A RISE of 55 per cent in pre-tax profits was announced yesterday by First Leisure Corporation, for the six months to May 1986.

Lord Delont said one of the stated objects was to reduce the effects of seasonality on the company's results, and he believed they were making good progress, bearing in mind that only two years ago the first half trading showed a loss.

Sports activities also showed a worthwhile improvement, he added, headed by a continuing revival in bowling. In addition, snooker was building up to be a significant profit contributor.

Watford but discotheque bar takings and entry fees provide succour to First Leisure during the difficult winter months. In the second half, Blackpool comes into its own. Indications are that June takings were hit by the World Cup but the traditional holiday season will bring the punters to the pier and the illuminations will keep 18m there in September and October.

Kone's plan approved by Biddle holders

Kone, the Finnish lift manufacturer, seems to have clinched victory with its £7.8m offer for Biddle Holdings, the heating and lifts group, after a six-week takeover battle with rival bidder Myson.

Pensions holiday for Metal Box

Employees and pensioners of Metal Box are sharing with the company in a £50m re-allocation from the current surplus in its £550m plus pension scheme. The company also plans holiday from pension contributions.

Steady rise in new life business at Abbey Life

SOUND NEW business figures in the first half of this year were reported yesterday by Abbey Life Group.

Bell Group lifts stake in Standard

Bell Group, the Australian company headed by Mr Robert Holmes a Court, said last night that it had lifted its stake in Standard Chartered Bank from 7.4 per cent to more than 8 per cent through market purchases yesterday.

BEP ahead and hoists dividend

HIGHER pre-tax profits, up from £3m to £3.82m, were yesterday reported by the Bristol Evening Post, newspaper proprietor, for the year to March 31, 1986.

Comparative figures have been re-stated. The final dividend is hoisted by 4p to 18p net for an improved total of 27p (21.5p). Stated earnings per 25p share were 37.25p against 37.46p.

The directors said the 1984-85 figures had been re-stated as a result of incorporating the trade values of retail outlets as an intangible asset. Trading profit on retail activities included £14,000 in 1985-86 (£74,000 in 1984-85), being the profit on disposal of some outlets.

Astra losses increase to £0.7m

INCREASED LOSSES of £726,000 were incurred by Astra Industrial Group, engineering, metals, leisure and property concern in the year to April 1986, compared with a loss of £102,000 last year.

GT Management offer is oversubscribed by 10%

THE offer for sale of 12.5m shares in GT Management turned out to be just 10 per cent oversubscribed. In all, 3,160 applications were received for 13.75m shares and anybody applying for less than £210,000 would not be allocated the full amount.

Cadbury gets clearance in Canada deal

Cadbury Schweppes, the UK-based confectionery and soft drinks group, yesterday announced it had received clearance from Canadian regulators to proceed with the acquisition of the Canada Dry soft drinks business with its existing rights to the Sunbelt brand from RJR Nabisco.

Authority Investments rejects Berkley offer

LORD LEVER, chairman of Authority Investments, advised shareholders yesterday that he was rejecting the offer by Berkley to block a £5.6m deal between Authority and Management Group, a vehicle created by Mr David Backhouse and two city financiers.

FT-ACTUARIES SHARE INDICES

Table with columns for EQUITY GROUPS & SUB-SECTIONS, Friday July 18 1986, and Highs and Lows Index. Includes sub-sections like CAPITAL GOODS, BUILDING MATERIALS, CONTRACTING, etc.

FIXED INTEREST

Table with columns for PRICE INDICES, British Government, and Inflation-linked. Includes rows for 1 year, 2-5 years, 7 years, 10 years, etc.

Table with columns for Equity section or group, Base date, and Share price. Lists various industry groups like Telephones, Electronics, etc.

Woolworth advisers sell 3.3m shares for over £20m

N.M. ROTHSCHILD, Goldman Sachs and Charterhouse, the banking trio which advised Woolworth Holdings in its successful defence of Dixon's £1.8m takeover bid, yesterday sold 3.3m shares for over £20m.

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Carlo

Carlo Engineering Group which has made an all-cash £4.96m bid for Bruntons, the wire and rope manufacturer, yesterday attacked the Bruntons record over recent years and said that its share price has "dramatically underperformed the Financial Times All Share Index".

Eleco

Eleco Holdings, the conglomerate which is fighting a £25m takeover bid from Whitcroft, the building, writing and property concern, estimated that pre-tax profits will rise by 22 per cent to £2.7m for the year ended June 30, 1986.

Dividends Announced

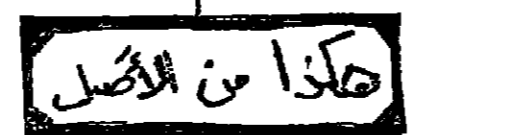
Table with columns for Company Name, Current Payment, Date, and Total for last year.

Corton Beach

A headline in yesterday's FT wrongly stated that Corton Beach was making losses. In fact, the company made a pre-tax profit of £215,000 for the year to January on turnover of £3.3m.

Ladbroke Index

LADBROKE INDEX 1296.1202 (+22) Based on FT Index. Includes a special payment of 1p.



Merger costs hinder Sperry

By Our New York Staff
SPERRY, the US computer group which is in the process of merging with Burroughs...

\$115m charge puts Air Products in red

By William Hall in New York
AIR PRODUCTS and Chemicals, a Pennsylvania-based industrial gases group...

Schlumberger down 74% as oil recession bites

BY ADRIAN DICKS IN NEW YORK

SCHLUMBERGER, the US oilfield services group, showed heavy damage from the depressed condition of the oil industry...

Net income per share was down to 70 cents from \$1.72. Mr. Michel Vailland, chairman, said the collapse in profits was due primarily to the continued decline of exploration and development in the US oil industry...

Alcoa earnings advance 24%

BY OUR NEW YORK STAFF

ALCOA, the biggest US aluminum producer, which two weeks ago settled a five-week-long strike by production workers at its 15 plants...

overseas operations. There had been higher shipments and improved operating performance at Alcoa of Great Britain. But Alcoa's 4 per cent return on invested capital which is what we earned on the money invested in our businesses...

Australian subsidiary declines

ALCOA of Australia suffered an A\$23.4m (US\$14.9m) fall in first-half profits to A\$37m...

Return on assets was 0.3 per cent against the already depressed 2.3 per cent for first-half 1985 and 1.5 per cent for calendar 1985. Return on shareholders' funds on an annual basis was 0.6 per cent against 4.7 per cent in the same period of 1985 and 4.0 per cent for the whole of last year.

Swiss Bank Corporation sees gain

BY OUR FINANCIAL STAFF

SWISS BANK Corporation, one of the Swiss big three commercial banks, expects a further improvement in earnings in 1986 after break business activity...

business seen in the first quarter and the partially price-related decrease in precious metal accounts, the real increase would have been around SF1.10bn, it said.

TDK first half hit by yen's strength

By Yoko Shibata in Tokyo

TDK, the world's largest manufacturer of magnetic tapes, yesterday reported consolidated net profits of ¥7,968m (\$56.6m) in the half-year to May, down by 58 per cent from a year earlier...

Volume sales of video tape grew by 29 per cent, however, and production was at full capacity. Although the market price of video tapes declined compared with the same period in 1985, prices have stabilised and the company again began marking up selling prices in May.

For the first half as a whole, the company reported net income of ¥54.6m (54 cents a share) on sales of ¥2.4bn, against net income of ¥47.2m (57 cents a share).

World aluminium and alumina prices had not recovered at the end of the first quarter 1986 despite evidence of improved demand and cutbacks in capacity, Alcoa said.

TDK's projected earnings projections on a non-consolidated basis, which show full-year sales of ¥350bn, pre-tax profits of ¥350bn, and net profits of ¥17.5bn.

FOREIGN EXCHANGES Dollar and sterling weak

The dollar fell to new lows yesterday afternoon, on the generally depressing outlook for the US economy.

Earlier this week Mr Henry Kaufman, chief economist at Salomon Brothers, said interest rates would probably fall and predicted a dollar value of DM 2.00 and ¥150.

STERLING INDEX

Table with columns: Time, Index Value, Previous Value. Rows include 8.30 am, 9.00 am, 10.00 am, 11.00 am, Noon, 1.00 pm, 2.00 pm, 3.00 pm, 4.00 pm.

CURRENCY RATES

Table with columns: Currency, Rate, Bank of England, Morgan Guaranty. Rows include Sterling, US dollar, Canadian dollar, Australian dollar, etc.

CURRENCY MOVEMENTS

Table with columns: Currency, Movement, Bank of England, Morgan Guaranty. Rows include Sterling, US dollar, etc.

OTHER CURRENCIES

Table with columns: Currency, Rate, Bank of England, Morgan Guaranty. Rows include Argentine, Brazil, Greece, etc.

EXCHANGE CROSS RATES

Table with columns: Currency, Rate, Yen, etc. Rows include Yen, DM, etc.

declined to FF 8.6550 from FF 8.9350.

Bank of England figures the dollar's index rose to 112.6 from 112.5, but the figure was calculated before the late fall.

STERLING INDEX

Table with columns: Time, Index Value, Previous Value. Rows include 8.30 am, 9.00 am, 10.00 am, 11.00 am, Noon, 1.00 pm, 2.00 pm, 3.00 pm, 4.00 pm.

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EXCHANGE CROSS RATES

Table with columns: Currency, Rate, Yen, etc. Rows include Yen, DM, etc.

LONDON TRADED OPTIONS table with columns: Option, Call, Put, etc. Rows include various stock options like Alcoa, BHP, etc.

BHP takes up conversion rights on Elders stake

BY GORDON CRAM

BROKEN HILL Proprietary (BHP), Australia's largest company, emerged yesterday with a stake in Elders of 20 per cent in the \$443.9m, which together with converting bonds and exercising options acquired in a cross-holding deal three months ago.

The move, made earlier than some had expected, brings closer the rumoured prospect of a BHP bid for Elders, Mr John Elliott's brewing and finance company which last October attempted to take over Allied-Lyons of the UK.

Conversion of BHP's Elders stake into ordinary shares finalises a protective cross-holding set in place in April, in the face of the latest partial bid for BHP mounted by Mr Robert Holmes & Court, the Perth-based financier.

Triomf Fertilizer plant to be kept in production

BY JIM JONES IN JOHANNESBURG

TRIOMF FERTILIZER's 400,000 tonnes a year Richards Bay phosphoric acid plant is to be kept in production until mid-September while the liquidators of the South African company search for a buyer.

The plant, which exports phosphoric acid and granulated diammonium phosphate (DAP), was placed in the hands of liquidators last week as part of a financial restructuring forced on Triomf by Netbank, its principal creditor.

The plant, which resumed full capacity phosphoric production in June, had a negative working capital of R47m (\$18.25m) on Friday last week when liquidation was announced.

MONEY MARKETS London rates firmer

Interest rates were slightly firmer on the London money market yesterday.

The Bank of England initially forecast a money market shortage of £700m, but revised this to £500m at noon. Total help of £750m was provided.

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to a record low against the D-mark. Three-month interbank rate rose to 9 1/2-10 1/2 per cent from 9 1/2-10 1/2 per cent.

repayment of late assistance and a take-up of Treasury bills drained £261m, with Exchequer transactions absorbing £110m; a further £150m was allocated.

At the weekly Treasury bill tender bids of only £194m were received for the £100m bills on offer, compared with £222.6m for

FT LONDON INTERBANK FIXING table with columns: Three months US dollars, Six months US dollars, etc. Rows include bid 6 1/2, Offer 6 1/2.

MONEY RATES table with columns: July 18, Over-night, One Month, etc. Rows include Frankfurt, Paris, Zurich, etc.

LONDON MONEY RATES table with columns: July 17, Over-night, 7 days notice, etc. Rows include Interbank, Sterling, etc.

Market slips in erratic trading

The stock market finished slightly lower in moderately active trading after an erratic session influenced by program trading and short covering. Two steep issues among the 30 stocks in the Dow Jones Industrial Average ended downward pressure for the second day.

1986 by Merrill Lynch capital markets economist Mr. Donald Strauszheim started some investors "but the market didn't sell off on that news," Mr. Grimm said.

Canadian stocks recovered some losses earlier in the session to close lower in active trading. The composite index fell 6.50 points to 2,962.50, a drop of 61.6 points from last Friday's close.

Industrials dragged share prices lower. Blue chips dominated active trading with Canadian Pacific down 1/4 to C51 1/2 and Bank of Nova Scotia off 1/2 to C31 1/2.

Gold issues posted solid gains as bullion prices surged. Campbell Red Lake climbed 1/2 to C52 1/2, and Dome Mines rose 1/2 to C51 1/2.

Non-oil stocks sagged. Inco slipped 1/2 to C51 1/2, Noranda lost 1/2 to C37 1/2 and Falconbridge edged down 1/2 to C51 1/2.

Share prices closed sharply up. The market average closed 13.21 up at 17,832.80, below the record of 17,882.80 set on Tuesday after touching a peak of 17,901.08 in the afternoon.

Turnover was HK\$329.99m compared with HK\$327m on Thursday. Properties attracted considerable interest amid rampant speculation in corporate moves.

Blue chips were lower. Hitachi fell 1/2 to 778, Matsushita 30 to 1,230, Toyota 30 to 1,300, Fujitsu 31 to 850, Sony 50 to 2,910, Canon 22 to 935 and Ricoh 911 to 799.

Leading share prices closed mixed after quiet trading. The dollar's consolidation around DM 2.15 after recent falls, and some losses in share prices attracted bargain-hunting early on, but this was not sustained.

The electrical sector closed stronger with Siemens at DM 603.50, up 50. AEG rose DM 1.50 to 391 and Nixdorf rose 5 to DM 573.50.

Motor issues were mixed with VW rising 3.50 to DM 463.50, and BMW adding 5 to DM 567. But Porsche eased to 979.

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NEW YORK

Table of New York stock prices for various companies including AGC Computers, AMCO, AMR Corp, etc.

Stock

Table of stock prices for various companies including Chubb, Eastman Kodak, etc.

Stock

Table of stock prices for various companies including Hall (FB), Halliburton, etc.

Stock

Table of stock prices for various companies including Morton Thiokol, Motorola, etc.

Stock

Table of stock prices for various companies including Schlumberger, Scientific Atlanta, etc.

WALL STREET

Table of Wall Street stock prices for various companies including Skyline, Slatery Group, etc.

Stock

Table of stock prices for various companies including ANCO Intl, Abitibi, etc.

Stock

Table of stock prices for various companies including Dome Petroleum, Donat, etc.

Stock

Table of stock prices for various companies including Macmillan Book, Magna Int, etc.

NEW YORK INDICES

Table of New York indices including Dow Jones, S&P 500, etc.

Stock

Table of stock prices for various companies including Australia, Austria, etc.

Stock

Table of stock prices for various companies including Belgium, Denmark, etc.

Stock

Table of stock prices for various companies including France, Germany, etc.

Stock

Table of stock prices for various companies including Hong Kong, Italy, etc.

Stock

Table of stock prices for various companies including Japan, Netherlands, etc.

Stock

Table of stock prices for various companies including Norway, Sweden, etc.

Stock

Table of stock prices for various companies including Switzerland, Australia, etc.

Stock

Table of stock prices for various companies including Canada, South Africa, etc.

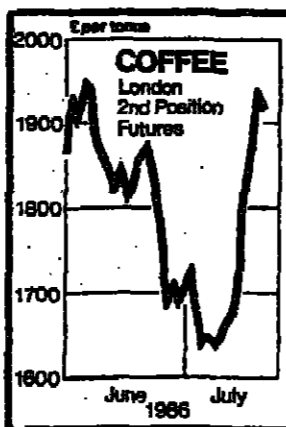
Notes and footnotes regarding market data, including "Notes - Prices on this page are as quoted on the individual exchange and are last traded prices..."

REVIEW OF THE WEEK

Pact renegotiation boosts cocoa market

BY RICHARD MOONEY

THE MAIN focus of interest on the commodities markets this week has been the Geneva negotiating session on a new international cocoa agreement to replace the present one when it expires at the end of September...



US MARKETS

COCOA PRICES rose sharply after trade buying on the London market led to a pickup in the afternoon session, reaching a 12-week high...

Table with columns for various commodities like COFFEE, SUGAR, and their prices.

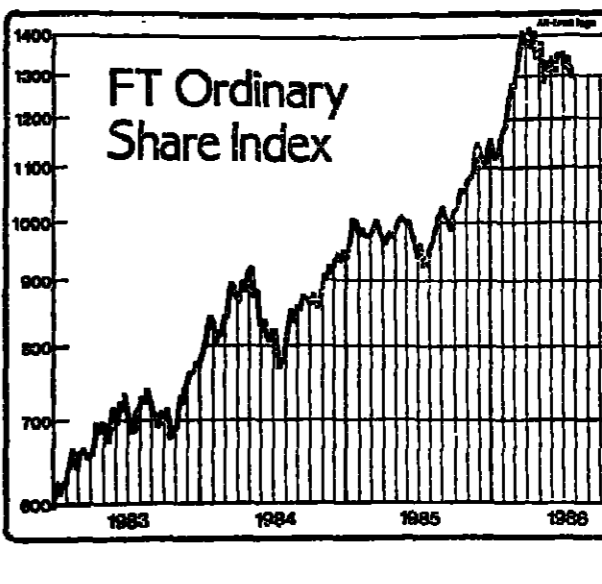
Gilts and equities weak FT index down 21.4

Account Dealing Dates

Table showing Dealings Dates for various months.

London financial markets finished the week on a rather gloomy note...

The Financial Times Ordinary share index sustained a fall of 21.4 at 1255.4...



WEEKLY PRICE CHANGES

Table showing weekly price changes for various commodities like METALS, GRAINS, and OTHERS.

INDICES

Table showing various indices like REUTERS, DOW JONES, COFFEE, and GRAINS.

CHICAGO

Table showing Chicago market data for LIVE CATTLE and LIVE HOGS.

NEW YORK

Table showing New York market data for ALUMINIUM and COFFEE.

COPPER

Table showing Copper market data for various grades.

COCAOA

Table showing Cocoa market data for various grades.

off at £10. Storehouse met persistent offerings and fell 12 to 313p...

Consumer shares, particularly Stores, were hard hit and closed lower...

Irish issues returned to prominence in the banking sector...

News of the group's pensions contribution holiday helped Metal Box rise 13 to 748p...

ALUMINIUM

Table showing Aluminum market data for various grades.

COPPER

Table showing Copper market data for various grades.

LEAD

Table showing Lead market data for various grades.

NICKEL

Table showing Nickel market data for various grades.

TIN

Table showing Tin market data for various grades.

ZINC

Table showing Zinc market data for various grades.

GOLD

Table showing Gold market data for various grades.

SILVER

Table showing Silver market data for various grades.

SOYBEAN MEAL

Table showing Soybean Meal market data for various grades.

COCAOA

Table showing Cocoa market data for various grades.

GAS OIL FUTURES

Table showing Gas Oil Futures market data.

POTATOES

Table showing Potatoes market data.

SOYBEAN MEAL

Table showing Soybean Meal market data.

COCAOA

Table showing Cocoa market data.

OIL

Table showing Oil market data.

METAL BOX BELOW BEST

News of the group's pensions contribution holiday helped Metal Box rise 13 to 748p...

SOYBEAN MEAL

Table showing Soybean Meal market data.

COCAOA

Table showing Cocoa market data.

OIL

Table showing Oil market data.

FREIGHT FUTURES

Table showing Freight Futures market data.

TRADITIONAL OPTIONS

Table showing Traditional Options market data.



Self in 100

LONDON RECENT ISSUES

Table of London recent issues including columns for Issue No., Date, Price, and various financial metrics.

Table of Fixed Interest Stocks with columns for Issue No., Date, Price, and interest-related data.

Table of Rights Offers with columns for Issue No., Date, Price, and offer details.

Table of European Options Exchange with columns for Series, Vol., Last, and other option data.

Table of Bank Return and Issue Department with columns for Liabilities, Assets, and various financial figures.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Main table of FT Unit Trust Information Service listing various unit trusts, their managers, and performance metrics.

16 AUTHORISED UNIT TRUSTS & INSURANCES

Main table containing financial data for various unit trusts and insurance policies, including columns for company names, policy numbers, and financial values.

INSURANCES

Table listing various insurance policies and providers, including details like policy numbers and terms.

Handwritten Arabic text at the bottom center of the page.



Self in 10

INSURANCE, OVERSEAS & MONEY FUNDS

Table of insurance and overseas funds, including columns for fund names, descriptions, and performance metrics.

Main table of money funds, organized by categories such as 'MANAGEMENT SERVICES', 'OFFSHORE AND OVERSEAS', and various fund names with their respective details.

Table of money market and bank accounts, including sections for 'Money Market Trust Funds' and 'Money Market Bank Accounts'.

Table titled 'TRADITIONAL OPTIONS' showing 3-month call rates for various stocks and options.

NOTES: A section providing additional information and disclaimers regarding the fund data and options listed.

# LONDON SHARE SERVICE

### BRITISH FUNDS

High	Low	Stock	Price	Chg	%	Yield	Div
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75

### 2006 Low

High	Low	Stock	Price	Chg	%	Yield	Div
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75

### BUILDING, TIMBER, ROADS - Cont

High	Low	Stock	Price	Chg	%	Yield	Div
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75

### DRAPERY & STORES - Cont

High	Low	Stock	Price	Chg	%	Yield	Div
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75

### ELECTRICALS

High	Low	Stock	Price	Chg	%	Yield	Div
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75

### 2006 High

High	Low	Stock	Price	Chg	%	Yield	Div
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75

### Five to Fifteen Years

High	Low	Stock	Price	Chg	%	Yield	Div
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75

### Over Fifteen Years

High	Low	Stock	Price	Chg	%	Yield	Div
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75

### CANADIANS

High	Low	Stock	Price	Chg	%	Yield	Div
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75

### CHEMICALS, PLASTICS

High	Low	Stock	Price	Chg	%	Yield	Div
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75

### DRAPERY AND STORES

High	Low	Stock	Price	Chg	%	Yield	Div
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75

### FOOD, GROCERIES, ETC

High	Low	Stock	Price	Chg	%	Yield	Div
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75

### COMMONWEALTH & AFRICAN LOANS

High	Low	Stock	Price	Chg	%	Yield	Div
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75

### BANKS, HP & LEASING

High	Low	Stock	Price	Chg	%	Yield	Div
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75

### BEERS, WINES & SPIRITS

High	Low	Stock	Price	Chg	%	Yield	Div
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75

### FOR SCUSA INC

High	Low	Stock	Price	Chg	%	Yield	Div
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75
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### HOTELS AND CATERERS

High	Low	Stock	Price	Chg	%	Yield	Div
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75

### INDUSTRIALS (Miscellaneous)

High	Low	Stock	Price	Chg	%	Yield	Div
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75

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### BUILDING, TIMBER, ROADS

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100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75

### ENGINEERING

High	Low	Stock	Price	Chg	%	Yield	Div
100.00	99.50	Shor's (Lives up to Five Years)	100.00	-0.50	-0.5%	7.75	0.75
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Spill in 1950

INDUSTRIALS - Continued. Table listing various industrial stocks with columns for High, Low, Stock, Price, Div, Yld, and % Chg.

LEISURE - Continued. Table listing leisure-related stocks with columns for High, Low, Stock, Price, Div, Yld, and % Chg.

PROPERTY - Continued. Table listing property-related stocks with columns for High, Low, Stock, Price, Div, Yld, and % Chg.

INVESTMENT TRUSTS - Cont. Table listing investment trusts with columns for High, Low, Stock, Price, Div, Yld, and % Chg.

FINANCE, LAND - Cont. Table listing finance and land-related stocks with columns for High, Low, Stock, Price, Div, Yld, and % Chg.

MINES - Continued. Table listing various mining stocks with columns for High, Low, Stock, Price, Div, Yld, and % Chg.

INSURANCE. Table listing insurance-related stocks with columns for High, Low, Stock, Price, Div, Yld, and % Chg.

PROPERTY. Table listing property-related stocks with columns for High, Low, Stock, Price, Div, Yld, and % Chg.

TOBACCO. Table listing tobacco-related stocks with columns for High, Low, Stock, Price, Div, Yld, and % Chg.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land-related stocks with columns for High, Low, Stock, Price, Div, Yld, and % Chg.

OVERSEAS TRADERS. Table listing overseas traders with columns for High, Low, Stock, Price, Div, Yld, and % Chg.

PLANTATIONS. Table listing plantation-related stocks with columns for High, Low, Stock, Price, Div, Yld, and % Chg.

NOTES. A section containing various notes and footnotes regarding the data presented in the tables.

Bostwick Industrial Doors advertisement with contact details for Bostwick Doors (UK) Ltd.

Three Thomson directors resign

By David Goodhart. INTERNATIONAL Thomson Organisation, the Canadian-controlled publishing, energy and travel group, has announced the resignation of three of its most senior directors...

This surprise move will mean the winding-up of International Thomson Organisation PLC, the central holding company in the UK. Mr James Evans, the chairman and chief executive of ITO PLC, Mr Francis Higgins, the finance director, and Mr Michael Mander, a director, will leave on September 30...

The two companies have launched instead a less ambitious joint venture which will effectively allow Siemens to absorb GTE's US and international transmission systems business, along with its public switching and business switching operations in Italy, Belgium and Taiwan...

In 1985, the worldwide publishing and information activity of ITO recorded turnover of £713m and operating profit of £62m out of the overall total—including travel and oil and gas—of £1.76bn and £191m.

Canada holds fire on VAT

By Robert Gibbins in Montreal. CANADA is moving away from any commitment to an early introduction of a form of value added tax. The Federal Government says it will make a broad review of all its options for comprehensive tax reform...

Single buyer sought for Ordnance

BY LYNTON McLAIN. THE GOVERNMENT is seeking a single buyer for Royal Ordnance, the State arms and munitions company, after the postponement last month of plans for a stock market flotation.

Leeds factory was strongly placed to win the order. Vickers, the only other UK manufacturer of main battle tanks, has not been asked to bid for the contract.

Royal Ordnance acknowledged yesterday that it would not be floated in the foreseeable future. This is despite the finalisation last month of its flotation plans for a public offer for sale of shares next Tuesday.

to emphasise the need for continuity of production. The 20,000 workers had expected to buy shares in the floated company.

Siemens, GTE scale down joint venture

BY TERRY DODSWORTH IN NEW YORK AND PETER BRUCE IN BONN. SIEMENS of West Germany and GTE, the US telecommunications group, have retreated from a full-scale amalgamation of their public telephone exchange equipment operations in the US, after nearly six months of talks on a collaborative venture.

parties indicated then that the key to the deal lay in bringing together their digital exchange equipment products in the US, where Siemens technology would be married with GTE marketing expertise.

Royal Ordnance management is to stage a series of video presentations for employees throughout the company next week to lift morale after the postponement of flotation and

The agreement follows a deal reached this month between ITT of the US and Compagnie Generale d'Electricite (CGE) of France, by which ITT is to turn its telecommunications equipment business into a joint venture with its new French partner.

The revised deal means Siemens will have to continue to sell the EWSD digital switch system on its own in the US market dominated by AT and T and Northern Telecom, and into which the West Germans are keen to break.

teams gave it a much better chance to make a breakthrough into the competitive US market, than in a solo effort.

Japan's £666bn nuclear plan

BY CARLA RAPOPORT IN TOKYO. RECOMMENDATIONS that Japan's nuclear power plant capacity be quadrupled over the next 45 years, involving expenditure of \$1 trillion (£666.2bn) are being considered by the Japanese Government.

In terms of world nuclear power plant capacity Japan is in fourth place after the US, France and the Soviet Union. It is twelfth in terms of ratio of electricity generated from nuclear power.

Continued from Page 1. Games

By the year 2030 the industry would be expected to provide employment for 170,000, three times the current level, and have estimated sales of about \$40bn.

The development programme would be largely undertaken by the private sector under the guidance of the ministry. Commissioning of new plants would be undertaken by the electricity industry, working with government regulatory officials.

speech in the hope that Mr Mugabe, Mr Quett Masire of Botswana and Dr Kenneth Kaunda of Zambia will allow their teams to participate in the Games.

Games

Continued from Page 1. The front-line leaders were also preparing at yesterday's meeting for the mini summit of seven Commonwealth heads of government due to meet in London on August 3, when they will discuss what action to take in the wake of the failure of Commonwealth efforts to start political dialogue in South Africa.

Table of CHIEF PRICE CHANGES YESTERDAY. Lists price changes for various commodities like Allied Irish Bk, Bournville, Brent Walker, etc.

Table of WORLDWIDE WEATHER. Lists weather conditions for various cities like Ajaccio, Algiers, Amman, etc.

Dollar resumes slide

Continued from Page 1. The market remains predominantly gloomy about the prospect of a firm agreement on production quotas emerging from the next Opec meeting, due to be held at the end of this month, and is expecting the recent surge in Opec output to continue through the summer.

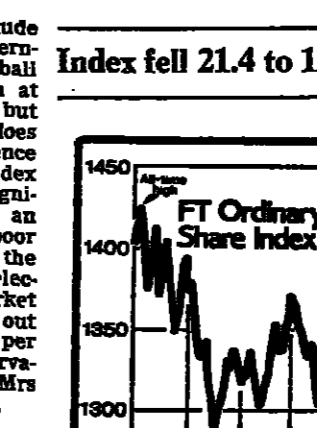
College of the Air

Continued from Page 1. A chairman of the college, to be named soon, will be responsible for negotiations with broadcasters, the education service, potential sponsors and the Manpower Services Commission.

THE LEX COLUMN

Fear and greed in EC2

The equity market's attitude towards Conservative government is that of any football supporter: constant derision at the merits of his team, but bewilderment when it does badly. So the rapid subsidence of the Ordinary Share index below the presumably significant 1300 level was not an atypical reaction to the poor Government showing at the Newcastle-under-Lyme by-election.



Index fell 21.4 to 1295.4. The monthly savings schemes operated by some of the unit and investment trusts. Many of these are barely profitable to the managers already and it is idle to hope that they will accept a proliferation of small investments which do not yield them a profit.

New issues

After Morgan Grenfell's tender offer for sale left stags wishing that their applications had been scaled down even more, GT Management's issue was unlikely to tempt them back into the new issue market. So a marginal oversubscription is not such a bad result, and it does not necessarily argue that dealings will start on Wednesday at a discount to the 210p price.

Personal equities

The Government's effort to bring about a share-owning democracy without exposing voters to excessive investment risks looks a muddle. Originally the Personal Equity Plans, due to start in January, were to allow only direct investment in UK trading companies. That point of principle has now been partially abandoned, to meet criticisms of high dealing costs and limited diversification, and investors will be able to put at least part of their money into unit and investment trusts.

Life has not been so easy for stags of late. Those that circumnavigate the more strenuous controls on multiple applications have faced heavy paring back of allocations in some issues and disappointing debits in others. Gone are the ready profits that attracted the amateurs in, though they may be the ones that are left. Prices in the aftermarket now bear more relation to the valuation of the company — and 13.9 looked a pretty fancy multiple for a merchant bank — than the hype surrounding the issue. Stage have to be far more selective.

Wall Street UP 13%, I.G.'s Client UP 600%. Advertisement for I.G. Index Ltd. with a line graph showing performance and contact information.

College of the Air advertisement. Promotes a distance learning program with contact details for the college.

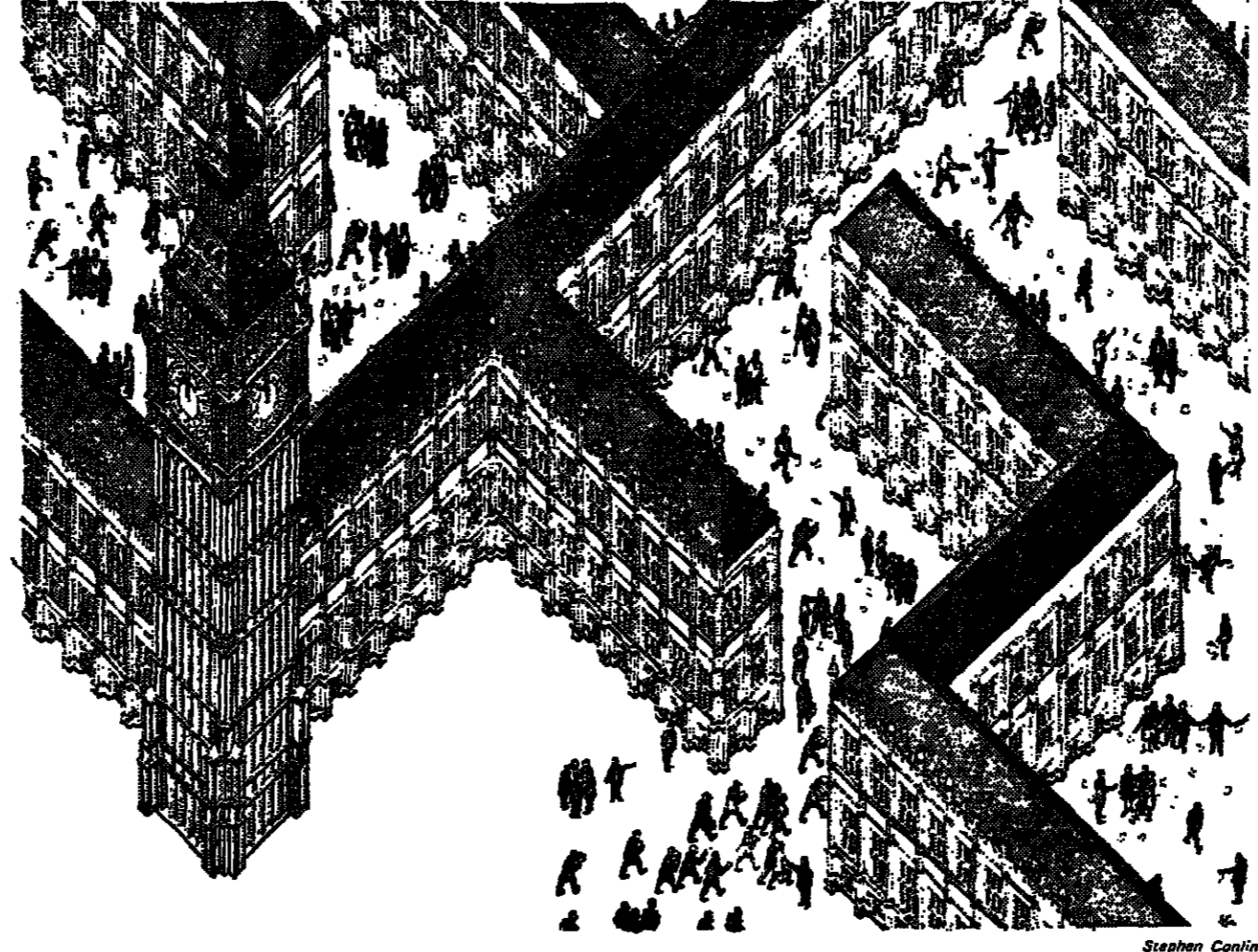
Self in its

# WEEKEND FT

Saturday July 19 1986

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

## Consenting adults



### Peter Riddell goes into the subterranean world of Westminster and examines the role played by the party whips in the British system of parliamentary government

**A**WAY FROM the dramas of the Cabinet room and the Commons chamber there is a subterranean world of politics: it is seldom reported but it is central to the operations of government.

Here, in the corridors, lobbies and bars of Westminster, private deals are agreed between publicly implacable opponents, the egos of the vain are quietly massaged to ensure loyalty, and ministerial appointments are arranged. It is the often scorned but little understood world of the party whips and business managers of ministers and their shadows the "usual channels," as they are formally known at Westminster.

Now, this is achieved through the disciplines of the party system; previously, it was through the power of the monarch.

as peers' sons, have the prefix "honourable."

John Biffen, to manage the Government's parliamentary business. Much of the "nuts and bolts" side is run by John Cope, the Deputy Chief Whip and, like Wakeham, an accountant.

with party opinion. When a problem develops on the floor of the House they can be seen both on the front bench or at the back of the chamber watching for trouble and encouraging backbenchers to intervene with loyalist questions and points.

facéd defeat in the early hours of the morning over the big pay awards resulting from the Top Salaries Review. These MPs who might be influenced were called in in batches to see Wakeham. He warned them of the possible defeat but was deliberately oblique about what might then happen.

## The Long View

# Stirrings in financial dreamland

THE EVENTS of the past couple of weeks in both the London and New York markets may seem to make my habitual caution, which some younger readers find so boring, redundant at last. With a nuttier "I told you so," and perhaps a reminder of "Sell in May and go away," this column would now be devoted to less titillating subjects.

Indeed, if what we have just seen with the shake-out that normally marks the progress or the climax of any long bull trend, one could simply welcome the return of sanity and leave it at that.

However, there are some natter questions to be faced. It is perfectly clear, especially in New York, that the market is not just responding to its own past excesses. It is also reflecting a much gloomier view of the fundamentals and prospects for growth and profits.

Now, if you read the fairly sober forecasts that we report in this newspaper, from the academics and from such international bodies as the OECD and the IMF, you might well wonder what all the fuss is about. They never were forecasting much of a boom in 1986, and the collapse of oil prices simply persuaded them—wrongly, in the short term at least—to expect a slowdown.

However, official government forecasts in both countries—and also, it now seems certain, in Japan, France and Germany—were rather more bullish. Since these governments have had fairly good track records in the past, this might seem like simple bad luck; but, in fact, there is a tendency for national forecasts to go wrong at times of sharp structural change.

These errors arise partly from a very human trend to give in to a little wishful thinking when uncertainty is very great. Thus the British Government will tend to assume that the oil price collapse will not be 100 per cent, and the US to assume that trade flow will respond

**The conditions in which markets could lose all touch with economic reality do now exist, says Anthony Harris. This does not herald a slump—only that there would be no warning of one.**

That is quite an admission, if you think about it. Until last week, this highly-paid specialist was forecasting the economy from the Dow—not, I imagine, what his employers thought they were buying.

He had a point, though. Market prices do convey information as well as reacting to it; and as long as you concentrate on relative prices within the market, you can learn quite a lot. For example, the much higher "real" yields on ordinary gilts than on he indexed variety tell you that the market has little faith that the British Government really has conquered inflation; it has come down, but is expected to rise.

The quite modest fall in sterling, on a trade-weighted basis, and the share prices of the big oil companies, tells you that the market has much the same belief about oil prices—this is a dip, not a permanent fall.

However, it is clear that the general level of security prices is a much less reliable messenger about the real world outside. The Great Depression came at the end of a tremendous bull market; while in the UK the 1974 share slump was wildly overdone.

Is this what our New York analyst is trying to say? Does he now fear that the market has, in the past year or two, simply lost all touch with economic realities? Or is he talking about a relatively unmeasurable error of judgment? To understand this, you must understand how markets can be pushed into anything that have next to nothing to do with economic reality.

There is no room here to go at length into all the purely financial forces that act on financial markets; but two at least must be mentioned. First, monetary influences are important. As long as the authorities are simply trying to keep the economy on track, with sustainable growth, low inflation and

a sound balance of payments, these actions help to steer the markets in the right direction. Overheating is met with a squeeze and this cools both the markets and the economy. The markets forecast quite well although, if the squeeze is violent, they over-react.

However, the central banks cannot always be trying to steer their economies. Sometimes, they are more preoccupied with purely financial strains, and instead of punishing excesses, they have to accommodate them for fear of a crash. Financing large imbalances like the US current account deficit, the Japanese surplus, or the unpaid debts of the third world, tends to produce a large rise in the computer-numbers that count as money. This abundant money does tend to create misleading asset-price booms.

Equally, financial deregulation—which started, this time round, simply as a despairing attempt to let the commercial banks find their own salvation—can readily cause financial waves. When worried banks pile into the British mortgage market, house prices soar. When the Japanese, after heavy currency losses, decide to keep their savings at home, the Tokyo market touches new records even as the economy actually declines for the first time in 11 years.

That brief summary should be enough to show that the conditions in which markets could lose all touch with economic reality do now exist; and since, despite the shake-out prices are still at a very high level on the standards of recent years, that is a cautionary thought. This does not mean that the world is about to go into a slump—only that the markets would give you no warning if we were.

My own belief, for what it is worth, is that we do not face a slump, but a long, difficult and probably quarrelsome adjustment. But that is another story.

quite promptly to the devaluation of the dollar.

Then comes what economists call the iterative process—each individual error on the bullish side feeds a little extra optimism about growth and exports in to all the other government forecasting offices. That is why international bodies, which can cross-check, come out less bullish.

Finally, though, we get to the market forecasts that tend to influence brokers and investment managers. These tend to amplify any bias in the official forecasts because of an equally human tendency: forecasters close to the market tend to get infected with its own psychology. So these economic forecasts, especially in Wall Street, tended to make the official ones look too cautious.

At the end of the day, then, modest slowdown is quite a big disappointment in the markets. Perhaps the most acute comment on the whole episode came from a New York financial analyst, who told one of his own newspapers: "What has happened has destroyed my faith in the ability of markets to forecast the economy."

human tendency: forecasters close to the market tend to get infected with its own psychology. So these economic forecasts, especially in Wall Street, tended to make the official ones look too cautious.

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Recovery	Apr 82	+28.1% p.a.
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## FRAMLINGTON

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Ignored by DHSS

As a result of an arrangement with the inspector taxes, certain parts of the directors' salaries were waived from a company...

eventually sold, would the portion of the overall figure attributable to the cottage (at today's value c. £80,000/£70,000) be subject to CGT...

rules apply to such companies. If any, as laid down by the Stock Exchange, Inland Revenue etc.

My accountant is unfamiliar with such companies and my stockbroker advises I use their own services!

Earned income

My wife and I each receive a state retirement pension with 48 per cent of my wife's pension being payable by virtue of her own contributions.

Are we entitled to claim this 48 per cent of my wife's pension as "wife's earned income"?

Option profits

My share had a savings related share option scheme which became effective prior to November 15 1980.

In March 1985, four years after retiring on a pension I exercised the option. As I was a pensioner at the time of the option the profit was not a benefit arising from employment.

Nominee company

I intend to set up my own nominee company for the registration of shareholdings. Can you advise me what special



solicitor who acted for you in the purchase will doubtless be able to recommend a suitable firm...

Sale of gilts

Is a holder of no more than £5,000 nominal value of gilts, who intends to sell just before they go ex-dividend in the present financial year...

Retirement planning

My wife and I are Americans, approaching retirement, who are doing up a cottage in the UK countryside for use as a part-time retirement home.

Potential exemption

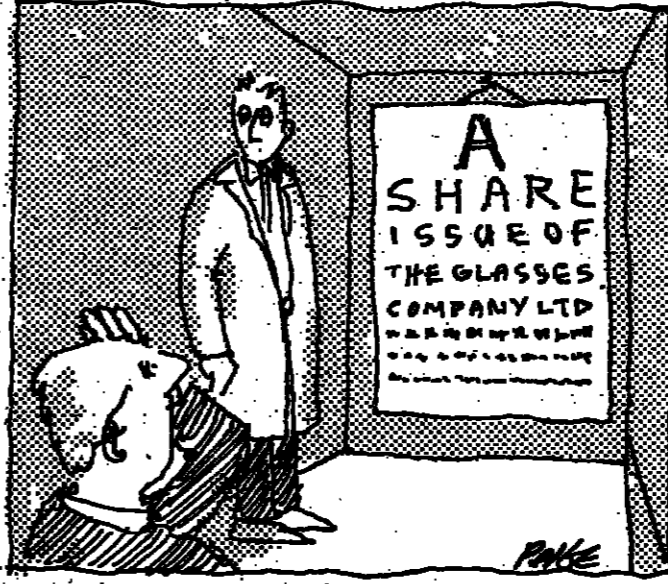
The Budget states that CTT on gifts inter vivos will be free of the tax. Is it safe to take immediate action or must one await the passing of the Finance Act...

One recent share offer which does not appear to me to be a property company, Arlington Securities. Shares were offered at 115p each in May and the prospective p/e of 15.8 compared favourably with other property companies.

Kevin Goldstein-Jackson with a warning on new issue offers

Investor's Tale

Small is not all beautiful



problem with receiving so few shares is that one either has to buy more shares (usually at a greatly increased price) in order to gain a shareholding of a reasonable size...

Foreign affairs

David Cohen details the tax problems associated with holding foreign currency

PEOPLE BUY foreign currency for a variety of reasons: to pay for overseas investments, to save up for a foreign residence or, increasingly, simply to take a punt on exchange rate fluctuations.

If you invest in shares which are priced in a foreign currency, the success of your investment will depend not just on how the share price performs but also on any change in the relative values of sterling and the currency concerned.

Suppose you bought 1,000 shares in IBM at \$1.20 per share when the pound was worth \$1.50, and sold them at \$1.44 when the pound had fallen to \$1.20. The shares would have cost £12,000 which, at that time, translated into £8,000.

This is how the rules work where the currency effect is an incidental part of an asset transaction which has no independent existence of its own.

Very often, however, people buy foreign currency and put it on to it. Even if they intend to use it to acquire foreign assets it will be treated as an asset in its own right for capital gains tax purposes.

The only relevant exemption is if you acquire foreign currency — not transfer it — to pay for personal expenditure outside the UK for yourself or members of your family.

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FIMBRA Change of name and address FIMBRA - THE NEW NAME The change of name from NASDIM to FIMBRA was approved at an E.G.M. on 27th June, 1986 and has now received official authorisation from the Department of Trade and Industry.

Nationwide Building Society Placing of £20,000,000 10% per cent Bonds due 27th July 1987

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كندا من الأفضل





Pamela Readhead looks behind Belgium's tempting facade Where it pays to think twice

MANY NEWCOMERS to Belgium, especially those moving from the UK, look at the prices and rub their eyes... Pamela Readhead looks behind Belgium's tempting facade where it pays to think twice.

Belgium feels entirely comfortable. It was also built to be easy and cheap to run, with double-glazing, oak woodwork, quarry tiled floors and marble sills.

The sorry tale of the Budds is by no means unusual. A second Monsanto executive who has been promoted back to the UK has been unable to sell his house for £125,000.

A former ICI man, hired before the Europa office in Belgium was "rationalised" to only 40 European administrative staff, had a hard time selling his painstakingly restored farmhouse. After ten years' first, the amount of non-recoverable administrative cost of buying a house...



The Budd home... a let-down after 11 years

work, the picturesque old house and two acre garden fetched only £40,000, which did not go far to ease the problems of re-entry and redundancy.

The reason for these hard luck stories lies in the combination of the idiosyncracies of the house-buying process in Belgium, and the vagaries of the external economic situation.

recoverable cash necessary to buy a house in Belgium is higher than anywhere else in the Community. It amounts to an additional 16 per cent of the purchase price, which includes a 12 per cent registration fee, and a loan fee of 3 per cent.

Secondly, there are no tax advantages in owning a home, and interest is paid out of net income. Most other European countries give tax relief on mortgage interest, and the comparative purchase costs are much lower.

According to Phillip Janssens, product manager in real estate for ANHYF, the Antwerp-based savings bank, saving for the initial purchase costs of a house has become more and more difficult for Belgian families.

Janssens produces a yearly analysis of the property market known in the trade as "The Bible". His bank also offers a computerised information service on house sales throughout Belgium.

when prices actually fell by up to 40 per cent.

The combination of high interest rates, lower purchasing power, escalating energy and labour costs pushed new house prices beyond the reach of most people. Between 1977 and 1982, for example, sales of building plots dropped from 56,000 to only 20,000.

Now, prices are beginning to recover, particularly in Brussels and Antwerp, where they have touched the 1982 level in some sectors.

However, although estate agents are always eager to point out a rising market, there is little likelihood of a sudden boom, and expatriates trying to sell will probably have to wait for some time to get the prices they want.

As an agent for Housing Services, which handles both rentals and sales, he says: "Our two markets are quite different. Yours is good. Ours is not."

That old flat feeling

MY FIRST shock came when I found estate agents shut at weekends. Since I had just moved to London from the US, where the weekend is the agents' busiest time, it was like finding the disco closed on Saturday night or church shut on Sunday morning.

I have had a lot more surprises since I started looking for a two-bedroom flat in February. For instance, inadvertently I have become an expert on London's red light districts—which initially I thought were places where there were some great flats within my price range.

On the whole, the search has proved to be much tougher and more time consuming than it would have been in America. There I had been accustomed to a multiple listing system, where almost all the properties in a region are published in a weekly book shared by all agents.

I signed up with a few agents in the neighbourhoods I was looking in, but several months went by before I realised how infuriatingly fragmented the market is. As an English friend of mine put it, "I think there is a different estate agent for every street in London."

First, it is not easy to find which agents serve which areas. Second, it is necessary to sign up with each branch of each agency—if you want information about flats in Little Venice, Pimlico and Holland Park, that is probably three phone calls.

Finally, you have to keep reminding each agency that you are still looking—often you will go into an office where you signed up a month ago only to find they have either lost or tossed out your name and property requirements.

Window shopping by looking at the details placed in estate agents' windows also has its drawbacks. Get excited about that very reasonably priced first floor flat in Onslow Gardens, and most likely it is already sold. Actually, it probably sold months ago, but is being used as

a come-on to draw customers in, or a disguise to cover the fact that there are not many attractive properties currently on their books.

Terminology is also a problem. It took a couple of days before I realised that garden flat, lower ground floor, and patio flat all referred to basement flats. It also took some time before I realised I should look closely at the room dimensions printed on the fact sheets and be alert for things like those bizarre 12 ft by 4 ft bedrooms.

I have learned to watch for fly-off words like "interesting" (agents have rearranged their flat in a rather unattractive way) and to notice the absence of praising

exactly by their American counterparts. Incomes that might hit \$60,000 or \$70,000 a year go a long way towards explaining why people selling American homes hardly ever lose keys, lose property details, or get lost when showing a client around, as often happens here.

Overall, the impression is a case of passive versus active. Take the example of a customer virtually foaming at the mouth he is so ready to buy. The UK agent takes the "mama's" approach and drowns: "I will look through what we have and put some details in the mail to you." The US agent would rush the customer off to her car and drive him around to see several likely prospects immediately.

Agents are also much more informed in the US. If questioned about a property American agents very often say, "I do not know," but their next sentence is, "I will find out." When you ask a London agent an important question, whether the underground runs under the house, his answer probably will just be "I do not know."

It sometimes seems as if UK agents want to unload the hard-to-sell property on the unsuspecting foreigners who make up an estimated 40 to 50 per cent of the central London property purchasers. A couple of weeks ago I saw an advertisement for what appeared to be a beautiful two-bed flat in Mayfair. It sounded too good to be true, so I asked why it was still on the market. The agent switched into "agne-speak" and talked about "value-added for courses" and so on.

When I told my British-born husband about this wonderful flat I was going to see, he rolled his eyes and said it was in the centre of London's most notorious red light district.

My search has also been thwarted because what I am looking for, a first floor flat in a period building, does not come on the market very often and is snatched up when it does. Flat-footed foreigners get mowed down in the crush.

Despite these complaints, I am enjoying looking for a flat. I go out armed with my bus map, tube map, and comfortable sneakers and use London's outstanding public transport system to zoom all over town. It has been an enjoyable way to tour London. I just wish someone had warned me how rough a job it would be.

Shepherd's Bush will, eventually, bring 8,000 media-related jobs into the area. If that doesn't do wonders for the wine bars and skip renters, there is the spill-over of City travellers from increasingly pricey Notting Hill Gate and Holland Park to ensure a gentrification of the area.

Shepherd's delight

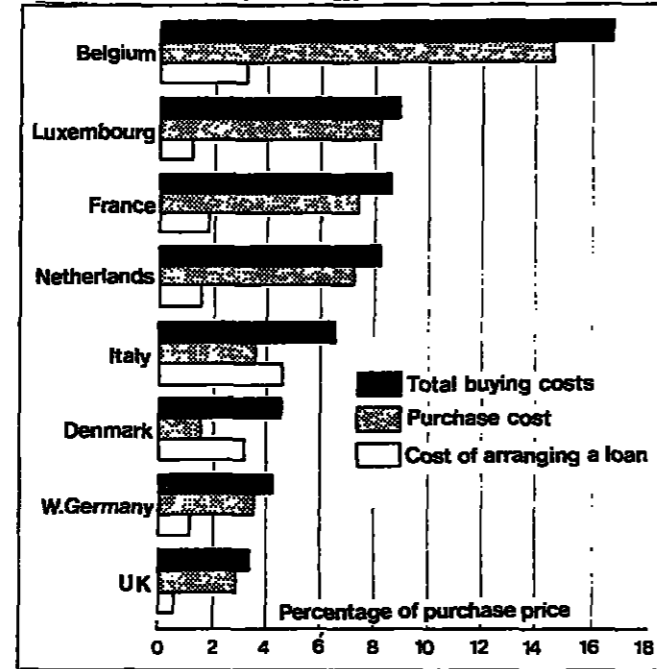
SHEPHERD'S BUSH is the next area in London to show above-average property price rises, according to Martin Sturgis. He is the senior partner in the Sturgis agency which is opening new offices there, and down the Central Line in Acton. He points out that the BBC's move from Broadcasting House to

adjectives (which usually means that the flat is a real dog). Regrettably, the descriptions are so lacking in detail that they give very little idea of what the property is like. So what about pictures to help overcome the agents' unwillingness to provide a thorough explanation? These seem to be offered only about half the time, and if the inside of the flat is upphotogenic the picture will show only the outside of the building.

Compounding this problem is the likelihood that the agent has not even seen the property himself.

Comparing the performance of UK estate agents with those in the US is difficult because of the tiny commission British agents charge in contrast with the thumping 6 per cent usually

Non-recoverable administrative cost of buying a house



London Property

Advertisement for Hans Crescent Knightsbridge London SW1, featuring 'FOR SALE' and W.A. Ellis contact information.

Advertisement for 52 Onslow Gardens London SW7, featuring 'FIVE SUPERIOR RESIDENCES IN SOUTH KENSINGTON'S MOST SOUGHT AFTER AREA' and Farley & Co. contact information.

Advertisement for Thoskins properties, including 'PERIOD FAMILY HOUSE' and 'MEWS HOUSE'.

Advertisement for Beauchamp Estates, Estate Agents and Valuers, located at 1 Cadogan Street SW3 2PP.

Advertisement for G. & Co. Gould & Company, Chartered Surveyors, located at Museum House, Museum Street London, WC1.

Advertisement for Chiswick, featuring 'MODERN 4 BEDROOM HOME PLUS COMMUNAL GARDEN RIVER ACCESS'.

Advertisement for Rentals, featuring 'NEW - near MARBLE ARCH FOR BUSINESSMEN FULLY SERVICED LUXURY FLATS'.

Advertisement for John Palmer, 'is still in TENERIFE', featuring 'Fairways Villas - Four Owners £15,950'.

Advertisement for Chelsea House, Lowndes Street, SW1, featuring 'A superbly modernised and decorated Fifth Floor Flat'.

Advertisement for Chestertons, featuring 'LONDON W2 A selection of ideally situated 2 bed Maisonettes'.

Advertisement for Tuli & Woe Property Finders, 'RENTING OR BUYING?'.

Advertisement for South Kensington S.W.7, featuring 'Charming, impeccably maintained mews house'.

Advertisement for Capital Home Finders, 'Looking for a house or flat in London?'.

Advertisement for Horner Hill Limited, 'INCORPORATING MAYS RENTALS'.

Advertisement for Amarilla Golf & Country Club, featuring 'YOU WOULD BE WELL ADVISED TO VISIT OUR DEVELOPMENT BEFORE BUYING ELSEWHERE'.

Advertisement for Switzerland, featuring 'Lake Geneva & Mountain resorts'.

Handwritten Arabic text: 'كلنا من الأصل' (All of us are from the original).



# good, the bad and the ugly



OVER the past five years or so, Marks & Spencer has revolutionised supermarket food shopping. Its innovations can often be seen to be acting as a cattle prod on the rest of the industry.

Marks & Spencer has created consumer demands rather than tried to latch on to existing ones through market research.

If something does not take it can be withdrawn without problems. Watching shoppers in M & S is fascinating. One picks up a definite buzz of curiosity in what is new since the last visit.

The imaginative comparison people work with when shopping in M & S is as much with restaurant meals eaten out as with routine home food.

One further encouragement to the shopper is that the food is mostly chilled not frozen. In order to present food freshly without too many preservatives, M & S has evolved a complex rapid distribution system.

than frozen food. The range of food these techniques have made available is really extraordinary and too long to list.

Most of what M & S sells is special enough. There are some really good quality unusual raw materials to be found there—the best watercress (48p for 2loz), cherry tomatoes, little gem lettuce hearts.

But on certain lines one ends up paying for the name alone. This is true of the wine. Table wine is 20p or 30p more expensive than that of rivals and since the main skill involved is in the buying, no better.

It would be disingenuous to pretend that presentation is not a large part of the M & S experience. Probably it is a secondary factor in most cases, though this is not true of everything.

Small—some of the double servings can be eaten by one person at a sitting without incontinent greed. They have, incidentally, very few preservatives or colouring agents.

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The result is that M&S shoppers must surrender to the company embrace, its ethos. Where else is everything owned by the very point of the store?

MARKS & SPENCER'S Co-op supermarkets constitute an outright calamity. Local societies differ; some are reported as good and in every way modern, with automated tills and so on.



PRESTO (owned by Argyll and in about fifth position, not counting the Co-ops) has a similar geographic distribution to ASDA and a not dissimilar character as a store.



BRITAIN'S Co-op supermarkets constitute an outright calamity. Local societies differ; some are reported as good and in every way modern, with automated tills and so on.

bought because it is tired and shrivelled. There are about 90 wet fish departments but although they sometimes have fairly unusual species (shark, red mullet, opah) the basic stock rarely looks very lively.

antiquated structure—the retail and wholesale divisions remain separate societies, for example; and, sadly, this sort of democracy does not make for efficiency in marketing.

duces of Spain, bottled in Middleton, Lancs), Cream British Sherry, Whiteheads Peach, Damson, Apricot and Cherry Wines, Sanatogen, Tonic Wines, and Wincarnis Superior British Wine.



ASDA SELLS motor oil, garden furnishings, DIY tools and so on in its food halls, and in the past few weeks has started

supermarketing actual cars, too. In the superstore I visited in North Acton, London, the entire building was bathed in Tannoy music of the Radio 2 type.

just when you need it most." and "Everything you want from a store... and a little bit more."

cessed English cheese, factory smoked cheeses, great breeze-blocks of Anchor Selected Cheese, and those peculiarly messaged processed products, like Ham and Pepper Log.

into own-labels, possibly following Tesco's Economy line, but has not yet made much obvious headway.

After Sainsbury's and Tesco's, ASDA has the third largest slice of the packed grocery market, or did until the Dees Corporation added Fine Fare to its empire recently.

WHEN A MAN grows old, Dr Johnson observed, he likes to plant trees. If tree-planting was only the sport of pensioners, we would have lost a precious source of knowledge and examples.

what the newer gardeners can expect to emerge. Last Sunday, I found myself among post-war Styxas and Sorbus, fragile Caesalpinia and a Tulip tree and Ginkgo with variegated leaves.

Robin Lane Fox reflects on the gamble inherent in planting trees, then moves on to a garden where the older generation is once again showing the way



Chinese Cladrastis to a charming tree called Ptero-Syrax. Nonetheless, there are other inhabitants which could inspire us all.

it near a lovely grey-green herb called Dielythophylla. Its stems shoot out after flowering in late spring and the plant is set to grow without any bother.

LOOK around the flower shows this summer and you will almost certainly see some ivy-leaved geraniums that are unfamiliar to you.

warmth and light, but the flower colour of the wild plant is a rather wishy-washy mauve. It was one of the first pelargoniums to be sent to Britain, arriving in 1701, and gardeners soon extended its colour range to pink, rose and purple but it never attracted the plant breeders in the way that the zonal and regal varieties did.

About this time Galilee came along and quickly became the favourite since it was a deeper pink than Crousse and the flowers were semi-double.

it is immensely effective and has sold well, though recently it has been replaced by the alternative name Roulette.

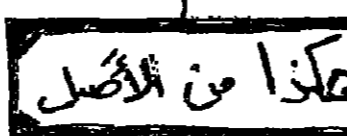
And beginning to acquire a small collection. They are, I think, just a little tougher than zonal leaved varieties and able to survive a degree or so of frost for long.



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Ben Wright at the Open in Turnberry chronicles the first two days' disasters

Ailsa in the wind

THE majestic Ailsa course at Turnberry is causing havoc among the 153 competitors in the 115th Open Championship...



Bernhard Langer: likely winner

Langer hit a superb drive but, in two minds as to whether he should hit his one iron or two...

half way to the hole, and had to be satisfied with a par five. He got down from behind the last green with a pitch and a putt...

In short, the golf course is winning the battle and most players have gone on the defensive. Once again, it will be a championship won by the player with the greatest patience and composure...

Tennis

John Barrett at the Davis Cup at Wimbledon watches a young player with a very promising future



Andrew Castle: lucky breaks led to his first appearance for Britain

IT HAS all been rather sudden. For Andrew Castle, the 22-year-old from Taunton, Somerset, who yesterday played his first Davis Cup match for Britain in the quarter-final against Australia at Wimbledon...

strong enough or fit enough... the bottom line is I lost. No points, no more prize money for two weeks...

Michael Thompson Noel commiserates with the young British hopeful who trailed the field after the first day

TO THE stars of world golf, Turnberry's marvellous acres are a field of gold, studded with prizes and treasure...

Blown off course

time—or even the small to middling time which keeps them off the breadline. McQuitty's main problem at the start of this week was an absence of cash...

ance broker. "One of them gave me £100 in March, which went at the Sunningdale Four-somes. The other gave me £100 to come up here, but that went quickly..."

so on down. By qualifying. McQuitty was assured of at least £400. If he survived the cut, he would get a minimum of £1,500...

Pressure play

experience has been unreal. When I look over at our team strip hanging in the locker room with the Union Jack and Davis Cup on them, it is a rather special feeling...

FT CROSSWORD NO 6,077

Crossword puzzle grid with clues for Across and Down sections.

SATURDAY

Television and radio schedule for Saturday, listing programs like BBC 1, BBC 2, and various regional channels.

TELEVISION AND RADIO

Television and radio schedule for Sunday, listing programs like BBC 1, BBC 2, and various regional channels.

Answers to the crossword puzzle, including Across and Down solutions.

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